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# The Burroughs Clearing House

OCTOBER ✣ 1924 50,000 COPIES




IN THIS ISSUE

YOUR BALANCE WITH CORRESPONDENT BANKS
A "SERVICE STATION"; EXCHANGE SYSTEM

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## *The Editor's Indorsement*

WITH this issue, THE BURROUGHS CLEARING HOUSE enters its ninth year. Firmly—yet with some misgivings—we plant the candles in our birthday cake and now step back to contemplate them, with an eye cocked at the same time on the future.

Has the game been worth the candle? Personally, yes. But how about the reader? Has it fulfilled for him, the bank men and women of the United States, the purpose for which it was intended? Has it served well as the "clearing house" of ideas that its title implies? And if it has - which we are constrained to leave to the judgment of the reader—how can it be continued to serve that purpose better? You perhaps have your own notion as to that. If so, we will welcome it gladly. We have ours, of course. It is the theme, as you may have surmised, of this self-indorsement.

Briefly, we suggest that you "clear through us." Tell us whatever you are doing that is new and proved out in practice, the things in any department that are somehow different and better than the methods in corresponding departments in the banks around you. Write it as you would tell it to a friend, simply and directly. Or put it in a letter and we'll talk it over by mail first.

QUOTING from our letter to contributors: "There is always room in our columns for interesting stories of new methods and ideas that are building business or facilitating operation in any department of the bank.

"Our purpose is to open up new and better ways of doing business in the bank by presenting new and successful ideas—those that have stood the test of time in actual practice—that can be adapted in whole or in modified form by other banks facing the same problems elsewhere.

"Here is an example of what we mean: A bank in New York is showing results in its deposits from out of town that more than justify its concentrated effort to supply special, unique service to correspondent banks throughout the country. It is making its appeal by providing unusual accommodations and facilities for transacting business to representatives of correspondent banks on business or pleasure trips to New York, by extending the same courtesies to visiting bankers' families and to the home town customers of the correspondents, as well as the customers' families, while visiting New York.

"This is only one of several directions that the good will and new business activities of the New York bank are taking. It makes a story because it is different from the ordinary run and because it is getting results. We name the bank, of course, and that gives other banks an opportunity to write to the New York institution for further details if they want them.

"It is a good story from a quite different angle in this respect: It has business building elements applicable in big city banks anywhere - in Detroit, Chicago, San Francisco, or New Orleans—all making their bid, of sorts, to their own correspondents up state."

SELECTION of that particular method in the New York bank for publication, accurately reflects our policy, and the reason for it, of insisting on practical application, instead of theories, which might or might not pan out in the test of time.

By the same token, the banks of the large cities may, and very frequently do, take their tip from plans and methods of the banks in medium-sized cities and small towns. No bank is too large or too small to profit from the experience of others.

To make a more interesting magazine, we seek the ideal, of course—every new thing in banking, for publication the moment it has proved its worth. We rely on the practical bank man, in touch with what's going on, to help us get it.

RIGHT here, let us insert a few very specific "don'ts:"

1—Don't submit news stories, reports of conventions, meetings, etc.

2—Don't submit for publication speeches of any sort, although we are always glad to receive copies of such addresses for their information value.

3—Don't send stories which are purely historical or personal in character—"puffs" for individuals or institutions.

4—Don't send stories of Burroughs Machine installations for publication as editorial material.

5—Don't send fiction, unless it is so good you can't help it.

And now, on the positive side:

1—Send "new stuff," stories of new ideas that have worked, or new angles or applications of old ideas.

2—Be specific and practical; write about plans that are already in operation, rather than theories that might work out.

3—Use the actual names of actual banks and individuals wherever possible. Progressive people are entitled to all the publicity that goes with a description of their progressiveness.

4—Send exclusive material. We cannot use stories that have already appeared in print or are being marketed simultaneously to other publications.

5—If you can't write the story in complete and acceptable form yourself, send it in in the form of notes, and our staff writers can handle it.

—H. S.


# The Burroughs Clearing House

HERBERT SHRYER
*Editor*

C. D. MACGREGOR
*Business Manager*

OCTOBER, 1924
VOL. 9 NO. 1


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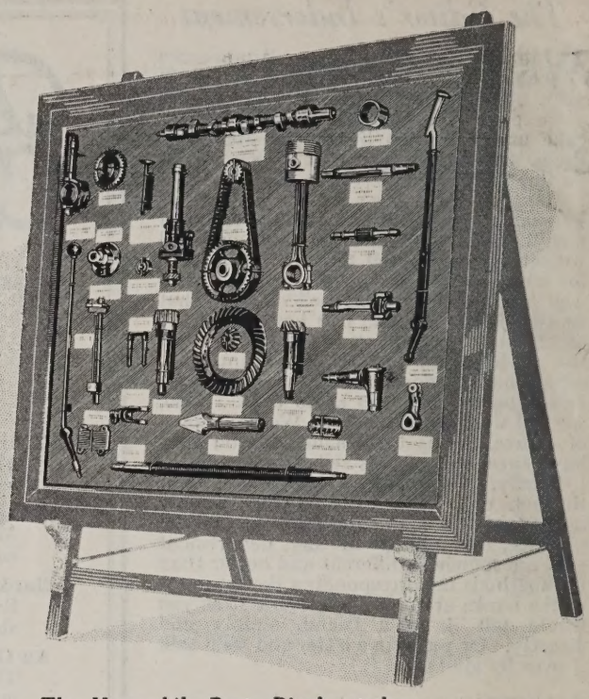
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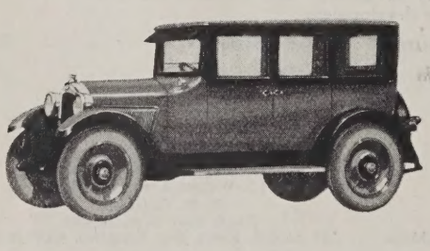
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*The Hupmobile Parts Display takes the mystery out of the motor car. It gives you the facts that count.*

# Quality Proof That Backs Up the Demonstration



The dash and brilliancy of Hupmobile performance—its smoothness—its powerful and rapid acceleration—would win praise for a car of far higher price.

It is delightfully easy to operate in traffic, while it carries its passengers across country in comfort that can be equalled only by the most expensive cars.

Best of all, there is nothing superficial about Hupmobile performance. You can see Hupmobile quality with your own eyes.

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Hupp Motor Car Corporation
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Vol. 9, No. 1

The Burroughs Clearing House

October, 1924

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# Your Balance With Depository Banks

## The High Price of Service, or Why the City Banks Must Apply Cost Analysis to Deposits From Correspondent Banks

*By* JAMES H. COLLINS

YOU are Mr. Out-of-Town Banker, and have just handed your cashier the names of two dozen depositors, saying:

"Jim, we've got to have bigger balances on these accounts. Our new cost analysis system shows that we're losing money on every one. Suppose you see them personally and explain matters in a nice way."

Just then the uniformed guard announces:

"Mr. Skillman, of the Asbestos National."

The Asbestos National is your depository in New York, Chicago, St. Louis or San Francisco. Five years ago its solicitors secured your account, and relations since, have been so pleasant that the mere announcement of anybody from Asbestos National arouses agreeable anticipation. It is part of Asbestos National's routine to have a representative drop in several times a year, ask about your health, offer something new in the way of service, assure you that if there is anything you want, your wants shall be law—and give you the feeling that you are indispensable to its existence.

So you say, "Show him in!"

But this fellow Skillman has another mission. Just as you have revealed two dozen unprofitable depositors by account analysis, so your Eastern depository bank, applying the same arithmetic to your balance, has found you on the red-ink side. And just as you told Jim to talk things over with your own unprofitable depositors, so Asbestos National has sent Skillman to talk with you. He is there to break bad news to you with diplomacy, and induce you not only to sweeten up your balance, but to feel pleasant about it.

Probably you get a shock. Your own unprofitable depositors have been going along in the belief that their business was lucrative to the bank. And you have had the feeling that your balance up at the center was highly desirable. For five years now Asbestos National has been encouraging you to believe that. This was its own illusion about your account until cost analysis brought out the hard facts.

### Under the Microscope

**An average balance of nearly $65,000 may look fat to the Out-of-Town Banker carrying it with his depository in New York, Chicago, St. Louis or San Francisco. But here's how it looks under account analysis—revealing a loss of $29.58 monthly, and calling for $17,400 more.**

| | | |
|---|---|---|
| Correspondent's Average Monthly Balance (for period of six months) | $64,600 | |
| Average monthly net income on balance after paying interest to correspondent | | $107.55 |
| Cost of handling checks deposited and drawn (average number 310 per month) | 8.07 | |
| Cost of special services performed without charge | 129.06 | 137.13 |
| Net loss per month | | $ 29.58 |

The same thing, precisely.

"Our business unprofitable!" you exclaim. "Why, we've been carrying a balance of over $20,000 regularly with you people!"

SKILLMAN has a pretty tough job, but through experience has learned the half-dozen counter-arguments you will bring up, and knows how to meet them. To show that your balance isn't enough, he takes it to pieces before your eyes.

"You can't expect us to earn much more than 4 per cent on money under present conditions, can you?" he reasons. "Nor can we earn money on your whole balance, for under the law we must hold a certain percentage as reserve. Yet we're paying you 2 per cent on your entire balance, leaving 2 per cent for expenses and profit. That's $35.00 a month at the most—with reserve deductions, it's less."

It may be that your transactions with Asbestos National are modest—a few drafts every week, and a reasonable volume of check collections. But your visitor points out an overlooked item of expense. "Custodies" heads the list.

"You send us securities for safekeeping," he says—which is true, because your own vault is not strictly up-to-date. "We have to insure them against robbery and burglary. The checking and handling of such securities requires skilled clerks. They take space in our vaults that costs money—you know what city rents are nowadays."

By his way of reckoning, your account shows a monthly loss. Whereupon you are pretty certain to attack his figures, saying:

"Your operating expenses must be too high."

He answers this by showing how Asbestos National reckons as expenses only items corresponding to the raw material cost of the manufacturer, and that it is satisfied to make a profit of 1 per cent of the average balance.

"Well, I'm being solicited by other banks all the time—guess I'd better switch my account," is your next "comeback."

Skillman agrees that you can do this. It is your privilege. But he tells you that sooner or later all depository banks will be analyzing correspondent balances in the same way, and after a few months—at most a year or two—you will have to face the same situation.

"If that's the case," you threaten, "then I might as well become a Federal Reserve member, and be done with it."

So you can. Your depository bank would be glad to see you transfer certain transactions to the Federal Reserve machinery. But Federal Reserve won't pay you interest on balances, and despite the facilities it has

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built up for members, there are still very definite forms of service that the center bank renders which can be had nowhere else.

Finally, if you have had your own experience with account analysis, you will say, candidly:

"What you tell me is an eye-opener. I never suspected that our balance was too small. I wonder you haven't brought it to our attention before. If you give us a little time, we'll put our dealings on a satisfactory basis."

And before long, instead of the $50,000 balance asked for, you build up to $60,000 or $75,000. That is happening in many cases where Mr. Out-of-Town Banker has gained experience through his own cost accounting, while the fellow who cannot see the point at all is almost invariably the banker who does not know his own costs. It may be that he actually has no expenses to worry about—the small country bank, paying little rent, its work done by two or three employees, with farm depositors who draw few checks, considers a $25.00 balance satisfactory, and even a $10.00 average nothing to worry about.

WHILE the cost of handling depositor accounts has been studied for more than ten years and many valuable lessons learned by banks all over the country, the idea of using cost analysis on correspondent banks' balances is fairly new, dating back to the debacle of 1921, when the big city banks had to cut expenses to the bone, reduce their staffs, and bring their operations down to the same hard cost basis as manufacturing or merchandising.

But it isn't altogether a consequence of the war, because for years previous to 1914 the center banks were very active in soliciting out-of-town balances, and extremely liberal in the services given their country correspondents. As long as no cost figures were kept, and the small balances were lumped in with the big ones, their out-of-town business showed a lump profit, and everything was satisfactory.

Then, during the war and the boom that followed, there were certain inducements for banks to spend money in salesmanship and service. Instead of paying excess profits to Uncle Sam, more than one big bank in the center cities spent them for development work, just as the manufacturers and merchants spent their excess profits on advertising.

Came the awakening, and the question, "Are we giving too much to correspondent banks?" Ultimately, this led to account analysis, practically like that applied by the local banker to his own deposit business. The balance earned so much interest, and the correspondent bank required so much service in drafts, collections, foreign exchange, custodies. It was found that many an account did not show a profit, whereupon the center bank had a choice from several courses of action.




It could tell the correspondent bank that its account did not pay, and let it be taken elsewhere.

Ask that a larger balance be carried.

Ask that the rate of interest be reduced.

Ask that interest be discontinued on part or all of the balance.

Persuade the correspondent bank to accept a reduction in service.

Ask that it pay for certain special services that many depository institutions now render, not strictly of a routine banking character, yet of great usefulness and value to their correspondents.

In some instances, an adjustment might take several forms, such as discontinuing interest, increasing the balance, and paying a service charge as well.

"What sort of balance does a center bank consider satisfactory?" I asked the analysis expert of a New York institution.

"One that will yield us a profit of 1 per cent on the amount of average balance carried to let us break even," he said. "We haven't been able to work out a hard-and-fast ratio, however, because the conditions obtaining in the handling of each account are peculiar to that account, and it must be studied as an individual proposition. We look for a moderate profit on the business of each institution. Analysis shows that there are banks keeping an average of $100,000 and upwards with us all the time whose business has been unprofitable, while on the other hand there are small banks maintaining as little as $1,000 average balance whose accounts are quite satisfactory. The principal factor in the cost of handling an account is the number of drafts drawn against it. If a bank with a small balance draws only a few drafts weekly, keeps up its balance, and confines its activities to this item alone, the account would give the depository bank a just profit. But when other kinds of service are required, loss may begin, and ultimately increasing expenses would make it necessary to increase the balance."

TO ILLUSTRATE, suppose the little bank with a satisfactory draft balance begins sending checks for collection, and acquires the bad habit of putting, say, several hundred dollars' worth of checks into the mail tonight, and drawing against them in the same mail. The checks must reach the center bank, be presented to other banks, sometimes twenty-four hours or more away, and the bank waits for the money to come in. Meanwhile, its correspondent has had the use of that much capital for one to several days. If forty or fifty correspondent banks are permitted to do that habitually, it amounts to a permanent loan without interest of thousands of dollars. "Kiting" is not a courteous word in banking—but doesn't it amount to "kiting" other people's checks, where the depositor, who would be discouraged in such practices, simply "kites" his own?

While all attention was directed to

soliciting the country banker's business, in hot competition, the center banks overlooked abuses of this sort. Now, in the day of reckoning that has come with cost analysis, they are being corrected.

Around the center cities there are suburban banks, virtually country banks in size, which take advantage of nearness to their correspondent institutions to shift onto the latter some of the actual work of banking. Indeed, there are small neighborhood banks right in the center cities that do this.

To illustrate: Such a bank is near enough to turn its checks into the correspondent institution a couple of hours after the business day ends. It dispenses with "racking" facilities and bundles off its checks pretty much as they have been taken in over the counter, with an adding machine slip showing the totals. The correspondent bank has to sort the checks, verify totals in each group, and put them through for collection. The little neighborhood bank sends in its currency sorted by denominations, perhaps, but not as to money classifications required by the Federal Reserve Bank, and further sorting must be done by the depository institution. Having no clearing house or Federal Reserve membership, and with the bare minimum number of employees, letting the big banks do much of its afterhour routine, the little bank around the corner has a very favorable expense ratio, and is a disagreeable competitor.

Many of the big center banks maintain expensive statistical staffs to study the trend of business and advise on investments, even though they do not underwrite and sell securities. The country banker, and particularly the suburban banker around the big centers where income tax payments are large, has depositors who come to him for investment advice. He maintains no statistical staff, and probably knows little about investments himself. Why should he? His depository bank up in the center will freely give him information. And he asks freely, passing the counsel along to his investing depositors, inviting them to bring their security problems to him, and giving his institution a reputation as a source of accurate investment information.

SOME bank men reason, "We have brought it on ourselves. Special services have been widely advertised the past few years. We have pleaded with people to bring us their investment problems, and they have responded. We have invited them to bring us their income tax problems, and they have come. The bank occupies a place in the public mind to which almost any puzzling business problem can be referred, and people look to us for service not strictly in the banking field."




But others hold a different view: "In most cases these special forms of service, particularly those touching investment information," they say, "are things we ought to give, even though we find it necessary to charge for them. They are closely allied with banking, and as a matter of public service it is undoubtedly incumbent upon banks to do a certain amount of educational work along these lines. People have been led to expect them. Now they must be shown that these services cost money and must be paid for either in balances or otherwise."

The way Mr. Out-of-Town Banker looks to his big-town depository to do odd chores is often amusing—unless you are his chore boy.

DURING the height of the after-war boom I visited South America. Several of the big Wall Street banks had branches there, running full blast, with specialists studying the resources of each country, finding opportunities for trade with the United States, eager to do anything that would further American business on the southern continent. Just tell one of these experts that you needed a service, and his hat was in his hand. The American branch bank would get your passport vised, reserve hotel accommodations, forward your mail, meet your wife and children at the steamer—virtually lie for you in Spanish or Portuguese if necessary! While I was in Argentina, for example, a new law went into effect requiring a police certificate from people entering the country, which meant that, to return and pass through Argentina on the way to Chile after visiting Brazil, it would be necessary for my wife and myself to stand in line at police headquarters, be fingerprinted and photographed, and pay a substantial fee.

"But we only want to pass through the country when we come back—not settle here!" I protested to the commercial manager of an American branch bank in Buenos Aires.

"I'll see if there isn't some other way," he said, and in a day or two found one—another government department gave us a simple letter that answered all purposes.

But before we got home this splendid South American organization had crumpled. Depression had come, South American business had fallen off, and the obliging service specialists were mostly out of jobs.

IN THE same way, the big center banks have led their out-of-town customers to ask for special services in no way connected with banking, and now that the burden has grown too heavy, are trying to get out from under it.

Mr. Out-of-Town Banker's mother-in-law is coming home from Europe. What more natural than asking his New York depository to send somebody to meet her at the pier, help her through customs, reserve a sleeper berth and see her on the train? Haven't the big center banks been urging him for a dozen years to let them do just such chores?

Suppose it is a case with a little more heart interest than that, like one that lately came to a New York bank from

(Continued on page 34)

# Enter, the Banking "Service Station"

## An Unique Line of Budget, Investment and Financial Service for the Home or Individual at This Chicago Bank's Bureau

*By* J. K. WAIBEL
Continental and Commercial National Bank, Chicago

A SERVICE STATION—operated for the public's benefit and convenience. This phrase expresses the motivating idea of the Continental and Commercial Banks, Chicago, in organizing and conducting a home economics bureau, a budget bureau, a finance advisory bureau, all rolled into one under the general designation of Service Station.

The words, service station, have acquired a new meaning in Chicago since April, 1924, when the Continental and Commercial Banks announced to the public through the medium of 150 billboards, the daily newspapers, and its own publication, the *Service Station News*, that a new bank facility is available without cost or obligation.

During the first week, each day saw two or three curious, suspicious, or timid inquirers approach the Service Station. It was new. The public had not yet been able to divorce such a name from gasoline and automobiles. Indeed, some flippant persons requested crank case service and asked the price of gasoline.

As days grew to weeks and the weeks to months, the Service Station came into its own. It had justified its creation. At the end of the third month, or during 77 business days, 287 persons had consulted the Service Station. Of this number 122 were men of family, 112 were housewives, and 53 were single persons. Their monthly incomes range from $100 for a medical student working his way through college, to $1,500 for a married man who is at the head of a Chicago manufacturing concern.

When an inquiry is received "over the counter" or by mail the Service Station goes on the assumption that its advertising has sufficiently familiarized the applicant with its work to know what it is all about. Accordingly, one of the station's staff explains the fine points of a financial plan and shows wherein the bank can be of assistance in placing an individual or a family on a business basis financially.

The Service Station operates as a consultation bureau and as such does not force its wares on a customer or non-customer. It "sells" him an idea and then helps him put it into operation. And this requires more selling. Just as a lawyer or physician can be of little use to a rebellious client, so the Service Station cannot help a man who is unwilling to take it into his confidence and lay bare his income and his mode of distributing the income. Hence the applicant must be "sold" on the ability and qualification of the Service Station to put his living on a profitable basis.

The basis of a Service Station case is a "work sheet," supplied by the bank, which the applicant fills in. When completed (and it is sometimes difficult for the head of a family or a housewife to set down accurate figures) the "work sheet" shows in dollars and cents the amounts of the income that go to pay for the various necessities and luxuries common to modern life. Thus the "work sheet" reflects the manner of living of the man, woman, or family whose figures it bears.



Service Station News

Vol. 1 — Chicago, August, 1924 — No. 3

**TAKING THE BANK TO THE DEPOSITOR**

Convenience of Method Appeals to Many Who Formerly Found It Difficult to Save

Banks in Chicago are open from 9 a. m. to 3 p. m. Savings departments are open all day until 8 p. m. on one day in the week.

Banking hours do not tell the time of labor for employes of the bank. There is much work to be done in a bank to which there is no contact with customers. Of the 2,350 employes of the Continental and Commercial Banks, there are probably less than 300 that have contact with the public. There is no very much work to be done that speed is necessary. Bank workers have too little time to finish the day's transactions within ordinary working hours after the bank is closed.

Going to the bank is a regular job of the business man or one of his employes. It is part of the day's work. But with the individual depositor, it is different and for the working man or woman it may be difficult or even impossible. The savings depositor may go to the bank on Saturday afternoon or evening, or make a hurried trip during the noon hour. It is not always convenient. This lack of convenience—and it may be more than inconvenience in a city of great distances like Chicago—is the reason for the development of the Payroll Deduction Plan for savings set up so successfully by the Continental and Commercial Banks.

The plan is simple enough. An arrangement is made between the bank and an employer, by the terms of which the latter undertakes to deduct from the pay of an employe any amount the latter may desire to save regularly. The employe signs a card authorizing the deduction.

The employer places in the pay envelope on each payday a receipt for the amount deducted, and sends a duplicate to the bank with a check for the total amount which the bank places to the credit of the employes who are parties to the plan.

That is the method of making the deposits. The employe-saver has done nothing but sign the card and receive the receipt. The employer has mailed to the bank the duplicate receipt and one check. The bank has credited the savings account of the employes. The accounts grow steadily and no one is bothered about going to the bank.

**Depositor Receives Regular Passbook**

Of course, with the first deposit the employe-saver receives a regular bank passbook. He should keep the receipts given him by the paymaster in this book for a record and it is very desirable that he go to the bank once in a while—say, every two or three months—and have his deposits recorded in his passbook. Every depositor should know his bank and some of the managers. There is much a bank can do for its depositors besides keep their money safely. It is valuable to everyone to have a good bank connection and to make the fullest use of it. But, under this Payroll Deduction Plan a saver may have a growing savings account to the very safe and strong Continental and Commercial Bank while going near the bank, if he doesn't care to do so.

(Continued from page 2, column 3)

Continental and Commercial Bank Building

**$5 for Three Hundred Words**

The Continental and Commercial Trust and Savings Bank is much interested in how people get on in the world. For more than half a century the bank has been receiving savings deposits from the people of Chicago. The millions upon millions of money saved has been turned to all sorts of uses. It has bought thousands of homes. It has bought millions in securities. It has started thousands of men in business. These savings accounts have been the widow's comfort and the orphans dependence. They have allayed grief, moulded character, changed opportunity from fiction to reality and opened the way to great achievements. All this is well known to the bank's managers but details are missing.

The story of what a savings account has done for its owner is always interesting and may be both romantic and thrilling.

THE SERVICE STATION NEWS wants a lot of such stories. "What My Savings Account Did For Me" will be the general title. Facts are what is needed.

For each such story accepted, not more than 300 words in length, THE SERVICE STATION NEWS will pay the writer $5.

Address all communications SERVICE STATION NEWS, Box H, Chicago.

**DANGER SIGNS FOR CAREFUL INVESTOR**

Suggestions Offered by Treasury Department of United States.

The United States Treasury Department has defined certain "danger signs" to be heeded in making investments. While every case has its exceptions, of course, the following points as advanced by the Treasury Department deserve careful scrutiny. On averages and percentages they represent good things to beware of:

1—Mining stock. The best looking mine in the world may prove a "white elephant." Mining is a very expensive undertaking and the risks are unusually great. There are many good mining investments, of course, but this branch of the investment market is generally not for those who work for and depend upon a salary.

2—Oil Stock. Drilling for oil is costly. The hazards are great. Oil investments are speculative and in a mass with mining investments.

3—In the wake of every important discovery or invention there comes a host of schemes. The promoters of these may have only the best intentions, but frequently their enthusiasm is about all they have to sell. Look before you leap.

4—Investment in "real estate" situated in some distant place is sometimes as dangerous as mining stock. People have been known to buy swamps advertised as "sea-shore

(Continued on page 7)

**THOUSANDS CARRY THEIR FUNDS SAFELY**

Letters of Credit and Travelers' Checks Solve Tourists' Important Problem.

Thousands of persons who, a few years ago hadn't the slightest idea what a traveler's check or a letter of credit was, are using these two convenient methods of carrying funds every day. With the growing popularity of transcontinental automobile touring the traveler's check and letter of credit become more popular. A person of great consequence in Portland Maine, is just one of a quarter million tourists to Rankers at Portland, Oregon. His personal checks on his home bank are reluctantly received if at all, unless he has them certified and he is properly identified. But a traveler's check on a Chicago or New York bank, or a letter of credit, will secure all the service he requires.

The letter of credit is an instrument by the terms of which a bank guarantees to pay drafts drawn by the holder on itself or any of its correspondents up to the amount stated therein. The transaction would be the same should the bank guarantee to honor all checks of a customer up to a certain amount. A customer holding a letter of credit is supplied with a list of banks, one in every American city or town of any consequence and in hundreds of small towns any one of which will pay the full amount of the letter on demand. A man may travel from his home in Evanston to Omaha, bearing a letter of credit from the Continental and Commercial National Bank for $5000. At Omaha if he wants a thousand dollars he could go to the Omaha National Bank, present his letter of credit, sign a draft on the Continental and Commercial Bank for $1,000 and receive the money. On the back of the letter of credit the Omaha Bank would record the transaction. The letter would then be worth $4000.

Going from Omaha to Seattle he might draw $500 on a bank in Billings, Butte or Great Falls, Montana. At Seattle the Dexter Horton National Bank, drawing a draft on Chicago, would pay him as much money as he required. There he would draw out $800 reducing the value of the letter to $2700. In San Francisco the Bank of Italy or the Wells Fargo Bank would honor the letter of credit for, say, another $1000. In Los Angeles he might buy a piece of real estate.

(Continued on page 2, column 4)

**BANK EXCHANGES PROFIT SHARING CERTIFICATES**

With the electric light bills sent out by the Commonwealth Edison Company are enclosed two Federal Profit Sharing Certificates. Each of these certificates is exchangeable for 20 profit sharing coupons, which have merchandise value. One of the certificates will be changed into coupons at the Commonwealth Edison Electric Shops and the other will be honored at Window 36 of the Continental and Commercial National Bank and Savings Bank, 208 South La Salle Street. The Bank has made this service available to its customers and the public generally.

These essentials plus the general information volunteered by the applicant or requested by a member of the Service Station staff, are the foundation upon which the Service Station builds a personalized, workable financial plan. Averages and percentages have no place in such a budget. Each case is treated separately and differently. No two are exactly alike.

The "work sheet" is studied item by item, each item in relationship to other items, and all items in relationship to income, by the man or woman in the Service Station who first received the applicant and to whom the applicant has confided many things. The age and sex of children as set forth on the "work sheet" are considered and their clothing needs and food requirements determined.

If the family to be budgeted happens to be buying a home, the installment payments are figured and the mortgage amortized to ascertain the actual cost of the house in principal and interest.

The insurance policies of the applicant are analyzed to determine whether he is carrying the kind of insurance best suited to his and his family's needs. His insurance costs are scrutinized to ascertain whether he has too much or too little insurance.

The food item, which is a problem to many housewives and about which most husbands know very little, is given careful study. Such considerations as the kind of work the husband is engaged in, the number of persons in the family, and the age and sex of children, make careful figuring necessary where income is small.

Clothing and food allowances are figured from facts of actual costs in Chicago gathered with meticulous care.

When the case has been completely diagnosed, a list of all items of expenditure is drawn up and the amounts allotted by the Service Station set opposite. This tabulation is followed

by a summary of savings, under which head life insurance and principal payments on the home take their places. The whole plan is supported by a written explanation of the various items, and reasons are given for the amounts allotted.

It has happened that the Service Station recommended the sale of the house which an applicant had committed himself to buy on contract. In this case the purchaser was handicapped in two ways. He was unable to make a sufficient cash payment and neither had he sufficient income to meet the carrying charges of the mortgage, to pay assessments and taxes, without reducing his living standard to nearly zero.

Besides, the facts indicated that at the maximum rate of payment which the buyer could afford, the house, price $15,000, would cost him more than $20,000 over a period of fifteen years. For the Service Station the case was clear cut, but the man who had contracted to buy the house with the best of intentions was reluctant to part with it. It was a charming home, his family liked it, and its price was fair. But the interest on the unpaid portion—$13,500—was eating him up. He was from Missouri indeed, but the Service Station showed him.

A problem common to most persons who come to the Service Station is the adjustment of fixed expenses to a level that permits enjoyment of income. Fixed expenses are interpreted by the Service Station as obligations that recur regularly and that vary but slightly if at all. The list includes rent, interest and installment payments, gas, telephone, electricity, insurance, taxes, assessments, garage rent, and automobile licenses.

Obviously, one limits his enjoyment of life when he incurs a disproportionate burden of expenses that are fixed and must be met. The experience of the Service Station shows that many families think nothing of buying a new outfit of furniture for $100 down and $40 a month, with interest in some instances, and curtailing every other item of expense to a point where it hurts. The allowances that suffer most in such cases are food, books and magazines, music, vacation, and personal expenses.

While the work of the Service Station is primarily that of placing the individual and family on a business footing with regard to income and outgo so as to show a profit, its influence is far-reaching. Persons who have used its facilities have a warm regard for the bank as a whole. Savings accounts, checking accounts, safe deposit box rentals, investment accounts, trust business—all have come, through this agency, without solicitation.

The work of the station does not stop here, however. Competent investment information, brought down

(Continued on page 41)




*The* Manager of the Greatest Business in the World - *She's the Housewife*

"L" Station — WELLS ST — QUINCY ST — ADAMS ST — A SERVICE STATION — LA SALLE ST.

HOUSEKEEPING is the greatest business. All others are incidental to it. Farming, steel making, transportation, etc., are small in the scale beside the commanding figure of the woman who runs the great business of keeping house.

Our Service Station was instituted to help her—to help her organize the financial side of her great business—to point the way for wise spending and real saving through good management and wasteless operation.

The housewives of Chicago are cordially invited to take advantage of this service which is free and confidential.

*The* CONTINENTAL *and* COMMERCIAL BANKS CHICAGO

*Do you save in your own way?*

IF you are saving according to a plan that was not made for you and for your benefit, it is probably not the *best plan* for you.

Everyone who saves—and *everyone should save*—should have a plan of spending and saving made to fit his own income and circumstances.

*Have you such a plan?*

"L" Station — WELLS ST — QUINCY ST — ADAMS ST — *Ask our* SERVICE STATION — LA SALLE ST

*The* CONTINENTAL *and* COMMERCIAL BANKS CHICAGO

RESOURCES MORE THAN 500 MILLION DOLLARS


**INCOME DISTRIBUTION**
OF
Service Station
THE CONTINENTAL AND COMMERCIAL BANKS

**FIXED EXPENSES**

**Shelter**
Rent $
Payments on Home
Storage on Furniture

**Interest Payments**
Mortgage
Note

**Installment Payments**
Furniture
Phonograph
Washing Machine
Building Lot

**Utilities**
Telephone $
Gas
Electricity
Water
Fuel

**Insurance**
Health $
Life
Accident
Burglary
Fire

**Taxes and Assessments**
Real Estate $
Personal Property
Income
Paving
Sidewalk
Sewer
Water
Special

**Allowances** $

**Automobile**
Garage Rent $
Insurance
Licenses

**Total Fixed Expenses**

**FLEXIBLE EXPENSES**

**Food**
At Home $
Meals Out

**Clothing**
Purchases $
Cleaning and Pressing
Tailoring
Storage on Furs, Etc.

**Operating Costs**
Furniture and Furn. Repairs $
Automobile Upkeep
Laundry
Cleaning and Dyeing (Draperies, Rugs, Etc.)
Bedding
Dishes and Linen
Servants
Miscellaneous

**Sundries**
Doctor $
Dentist
Nurse
Hospital
Drugs
Toilet Articles
Transportation
Stationery and Postage
Donations and Gifts

**Recreation and Advancement**
Books, Magazines and Newspapers $
Music
School
Club and Lodge Dues
Vacation
Theater
Entertaining
Tobacco
Candy
Flowers
Personal Expenses

**Total Flexible Expenses** $

**INCOME**
Business $
Salary
Commissions
Fees
Rent
Receipts from Boarders and Roomers
Interest and Dividends
Profit from Sales

**Total Income** $

**SUMMARY**
Total Income* $
Fixed Expenses $
Flexible Expenses
Balance (Profit) $

*Where income is sufficient to maintain the necessary balance in a checking account, it is a good plan to deposit *all income* in a checking account, drawing thereon to pay all bills and make transfers to the savings account.

**QUESTIONARY**

Are you buying your home?
Amount of the contract
Monthly payment
Amount of annual interest
Amount of first mortgage
When due
Amount of annual interest
Amount of second mortgage
When due
Amount of annual interest

What are the amounts of your taxes and when are they due?
Real Estate $ Due
Personal Due
Income Due

What are the amounts of your assessments and when are they due?
Paving $ Due
Sidewalk Due
Sewer Due
Water Due
Special Due

What are the amounts of your insurance premiums and when are they due?
Health $ Due
Life Due
Accident Due
Fire Due
Burglary Due
Automobile Due

**MEMORANDA**

What are the amounts of your installment payments, when are they due and how long have they to run?
Furniture Due Final payment
Automobile Due Final payment
Radio Due Final payment
Phonograph Due Final payment

Number of persons wholly or partially dependent on total income
Adult males Adult females
CHILDREN: Males Age Females Age

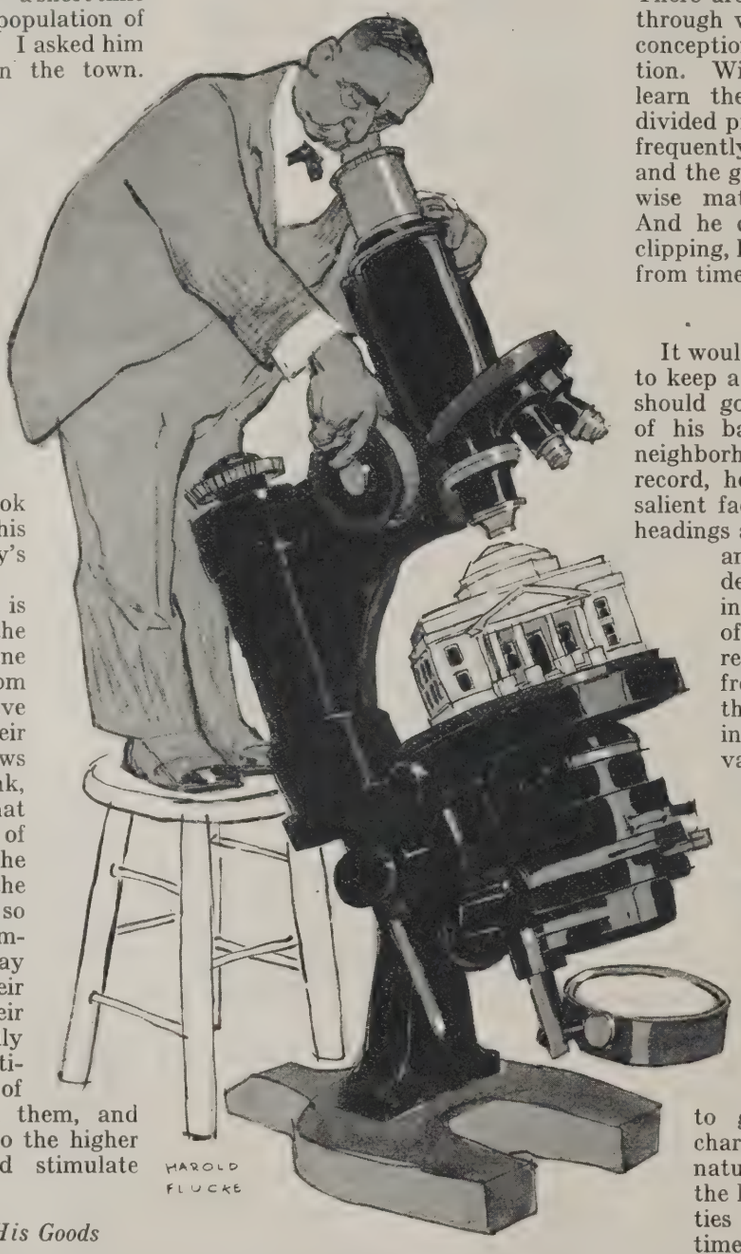
Date
Name
Address
City and State

# Bank Man, Do You Know Your Bank?

## Reviewing the Things That Executives and Employees Both Must Learn About Their Own Institutions to Insure Progress

*By* WILLIAM H. KNIFFIN

IN TALKING with a bank employee—a bookkeeper—a short time ago, I asked him the population of his town. This he knew. I asked him the number of banks in the town. This he knew—three. I inquired the banking resources of the place. He had not the slightest conception. I then asked him how large his bank was. Strange to say, of this important fact, he likewise was ignorant. He did not know the capital, the surplus, the deposits or the total resources. All he knew was that he posted a batch of checks every day, totalled his columns, took a trial balance, and if his work was in proof his day's work was done.




This man, I believe, is more often the rule than the exception, for scarcely one among the many to whom I have put similar tests have had a clear picture of their bank. If the employee knows so little about his bank, the obvious question is, what must be his knowledge of banking, and how can he expect to rise above the common level on which so many bank clerks find themselves? Such workers may be excellent men in their respective jobs, and their performance of their daily tasks may be beyond criticism, but the leaven of administration is not in them, and they cannot hope to rise to the higher opportunities that should stimulate them to greater endeavor.

### *The Salesman Knows His Goods*

The salesman who goes out into the field must know his territory, his market, his goods. He must know every possible consumer of his goods and also how much business his field should normally produce. The sales manager will know these essential facts and require commensurate results from the salesman. Moreover, the salesman must know his company, its history, its ideals, its standards, its policy, and its volume of business. If he is simply interested in making a living within his territory, he will not hold his job long; and only as he studies his proposition from various angles and lives with it day and night can he hope to achieve success. By the same rule must the banker succeed.

It is obvious that the clerk in the ranks cannot know much about the administrative affairs of the bank; these are official secrets that are only revealed in the board room. But it is not necessary that he know the profits and the losses, or the character of the loans in order to know his bank. There are many avenues open to him through which he may acquire a true conception of his bank as an institution. With little or no effort he may learn the capital, surplus and undivided profits, for these are published frequently. He can know the deposits and the gross assets, for these are likewise matters of public knowledge. And he can, by a simple system of clipping, know the progress of the bank from time to time.

### *Scrap-Books*

It would be well for every bank man to keep a scrap-book. Into this book should go every published statement of his bank, and the banks in his neighborhood. With a supplementary record, he may set in apposition the salient facts about these banks. The headings are few: (1) Capital, surplus and undivided profits; (2) total deposits; (3) total assets. The increase or decrease in the total of the first three items will reflect the progress of the bank from time to time as respects the earnings, and also the increase or decrease in the book value of the stock. (To determine the book value of stock, divide the number of shares into the sum of capital, surplus and undivided profits.) The growth in deposits will show the bank's progress in this direction.

It is apparent that in a large bank the employees cannot have access to the books of control. The teller may have no opportunity to gain a knowledge of the character of the loans or the nature of the securities held by the bank. But many opportunities will come in the course of time to acquire such information. When a clerk is set to the work of computing interest on collateral loans, he may at the same time get some idea of the character of the loans. If he posts the interest on investments he may know something about the investment policy of the bank. Even a bookkeeper should be interested in the number of items handled by him in the course of a year.

A statistical record of the bank's volume of business is eminently worth while, for it will show what is going

through the bank. A certain bank in a residential town was amazed to find that it handled a very large volume of business—larger than it had dreamed of. A few years ago it began to keep accurate record of the number of deposits and checks in all departments, and the amount of deposits month by month. In running up the check and deposit lists daily, it is a simple matter to add and record the number of items listed. These totals are kept day by day and then carried to a statistical book each month. This bank knew that it kept one girl busy all the time preparing the daily transit letters, but it did not know, until the items were counted, that it sent out an average of 600 checks a day to its correspondents. The bank knew that its stationery bills were high, and that a supply of half a million checks was exhausted within a year. It was at a loss to understand these charges until it kept a record of the checks paid, only to find that it actually charged up a quarter of a million checks a year. These, together with the waste and losses from unused checks in the books, would reconcile the large consumption of checks. It was also at a loss to understand why the receiving teller worked late and asked for assistance. But when it was discovered by actual count for a year that it had received more than 60,000 deposits at one window and that the work was 50 per cent heavier than the year previous, it began to understand why the teller was overworked and the line unduly delayed.

Granting that the employees should not know the inside secrets of the bank and granting that the ambitious employee will not be content to work in an institution about which he knows nothing, or is not allowed to know anything but his distinctive task, the truth remains that the official staff should know their bank in its minute details. Only as they know can they intelligently direct.

I do not believe in wasting time on non-essentials; and a bank man can waste many valuable hours compiling statistics that are of no practical use. But this is not to say that the bank man should not know the exact status of his bank's operations. Suppose, for instance, it is found at the end of the year that the expenses have amounted to a certain sum. The officials have exercised every legitimate economy consistent with service and efficiency; but if the expense account be analyzed it will explain and demonstrate the avenues of expenditure. The matter of advertising may be classified into: Newspapers, gifts and souvenirs, "donations" (for they are this and nothing more) to lodges, churches, etc., and miscellaneous mediums such as calendars and the like. The stationery account may likewise be split up into stock checks, printing check books, books of record, miscellaneous supplies, etc. Such an analysis will account for the outlay in various directions, and while it may not reduce the operating costs, it will explain why they are as shown. By comparing the figures of one year with another, the increase or decrease may be noted and corrective steps taken accordingly.

*Budgets and Estimates*

A budget is as meritorious for a bank as for an individual, corporation or a government. Highly useful at the beginning of the year, is a knowledge of earnings and expenses on which to base an estimate for the ensuing period. It is an easy matter to cast up a bank's earning power. The interest on investments, loans, discounts, rents and other earnings may be estimated with reasonable accuracy as to the minimum to be expected (based, of course, upon the supposition that the bank will at least hold its own during the coming year). The charges in the form of interest, operating costs, taxes, etc., may also be known from past experience. The difference between the two compilations will be the minimum net earnings. An expense budget may be set up allocating various amounts to various items of expense. An amount sufficient to cover an advertising campaign may be set aside, with the intent to restrict this cost. It gives the executives a definite sum to use within their discretion. Fuel, light, telephone, postage, etc., may be determined from past experience. Stationery charges will depend upon the supplies on hand and whether a large amount of stock checks must be purchased during the period covered.

The budget should never be prepared with the idea in mind of restricting operations, but rather controlling them within well-defined limits. It would be obviously unwise to instruct the officials that they may spend only a certain amount on stationery; for this is a necessity of operation, and many unknown factors arise during twelve months.

There are many banks which, year in and year out, have but a casual knowledge of their internal affairs. They are satisfied to show profits without knowing how the profits arose. They are satisfied if the work moves smoothly and the results are satisfactory, without analyzing the processes by which they were accomplished; but that bank is well managed that knows the exact details of its operations, these details consisting of essential facts.




*The Unprofitable Account*

Every bank executive knows that he carries on his books a large number of small accounts that cannot produce a profit to him. What to do with them and to them constitutes one of the problems of banking. But how many bankers know the number of such accounts they carry, and what is the loss entailed? It is admitted that to determine the exact cost of handling a check, or carrying an account, is an intricate matter, and one that involves many uncertain factors; but these costs can be known with sufficient accuracy to make an investigation worth while.

Nassau County, New York, has forty banks. They are typical suburban and country banks. A survey of the small accounts carried by these banks was recently made with surprising results. Each bank was asked to perform the simple task of counting the number of accounts

(Continued on page 42)

# An Outline of Exchange Procedure

## The Simpler Factors in Methods of Operating the Exchange Department, Especially in Banks Outside Exchange Centers

By FRANK LOOMIS BEACH
Auditor, Hibernia Commercial & Savings Bank, Portland, Ore.

IN THE past ten years there has been a material change in the exchange operations of the average city bank. The establishment of the Federal Reserve system with its par collection system and its facilities for telegraphic and draft transfers have materially lightened the work of domestic exchange and simplified the problems thereof.

The change in many cities has reached the point that the income from domestic exchange has been nearly eliminated. In such cases the exchange that is used is furnished customers without charge. The par collection system of the Federal Reserve Bank has increased the practice of paying out-of-town obligations by personal checks on the part of the public, with no resulting demand for bank drafts.

From the angle of the bank operating under the Federal Reserve system there is no longer a science or problem in maintaining balances where needed, or in disposing of surplus funds accumulated in other cities. If a bank in San Francisco wishes $100,000 available in New York, it need only notify the Federal Reserve Bank of its own city. The Federal Reserve Bank will debit the bank's San Francisco account and by wire direct the payment of the amount to any member bank designated in New York. This is done on a few minutes' notice and without charge.

Likewise, if the San Francisco bank has too large a balance in Chicago it may transfer the money home as readily. There is none of the problem of building up balances that there was in former years.

Specific amounts may be transferred by the Federal Reserve for the accommodation of an individual bank's customers. Formerly these could be handled without charge over the leased wire system maintained by the Federal Reserve, but a recent ruling requires transfers to be sent over commercial wires and the message paid for. The free service is still extended to member banks transferring balances between cities with the requirement that the amounts be in even hundreds. These transfers of all kinds enter into the day's total of the Federal Reserve Bank or branches concerned. The grand totals at the end of the day are wired to Washington where the figures of one Federal Reserve Bank offset the other on the clearing house principle and the net difference is paid by a bookkeeping entry. The total of the gold settlement fund remains practically constant, the ownership being transfered back and forth between the Federal Reserve Banks in accordance with each day's figures.

In addition to using this telegraphic service a member bank may furnish, with or without charge to its own customers, exchange drafts drawn on its own reserve account but payable at par at any Federal Reserve Bank or branch. The limit of any one draft is $5,000. The Federal Reserve Bank does not charge the member bank for its handling of such drafts but requires a daily notification of drafts issued and immediately debits the issuing bank's reserve account for the total.

Drafts for over $5,000 may be issued but must be drawn on a specific Federal Reserve Bank or branch. That bank or branch is notified of the drawing. Under this arrangement a member of the Federal Reserve system may issue exchange on thirty-three centers without in itself maintaining any balances other than with its own reserve bank.

These services, however, apparently have not resulted in a serious loss of business to the city banks. Their payment of interest, their service in making stock market loans, their discounting of paper that cannot be handled by the Federal Reserve banks, their credit information and other services have been of such value that probably every individual bank is maintaining some balances in reserve cities.

The practice in issuing drafts against these accounts with city banks is to use draft forms printed with the name of the drawee bank and numbered serially. Each draft as sold is entered in a register and the total at the end of the day credited to the account in the general books. A loose-leaf register with a numbered line to correspond with each draft and possibly forty or fifty lines to a page is a convenient method. These sheets are now most generally kept in a loose-leaf binder with a guide tab for each correspondent bank. When a statement is received from a city bank, with canceled vouchers enclosed, the paid drafts are stamped off in this register. The total of the unstamped drafts is used to reconcile the balance shown on the ledger of the depositing bank with that shown on the statement it receives. An acknowledgment of the correctness of the statement must be mailed back to the depository bank. This acknowledgment is a reconcilement form showing all outstanding items.

THE Federal Reserve banks furnish a statement daily and this practice is being adopted by some of the large city banks. In the latter case the daily statement takes the place of advices of credit and the drawing bank receives back its canceled drafts in the shortest possible time. If transactions are not heavy a reconcilement need be made only at the end of the month.

In purchasing a draft the customer fills out a draft-wanted blank. These blanks are left on the counters in

Societe Generale Paris France

| 1924 Date | Francs | ✓ | DEBITS ACK | ITEM | DOLLARS | FOREIGN BALANCE | DOLLAR BALANCE | 1924 DATE | CREDITS Francs | ✓ | ACK | ITEM | DOLLARS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| June 2 | 60000 | | 6/18 | Check Guarantee Trust | 3240 | 60000 | 3240 | | | | | | |
| | | | | | | 59000 | 3185 70 | June 3 | 1000 | | 6/14 | Orig Charge # 4132 | 54 30 |
| | | | | | | 38500 | 3159 38 | 15 | 500 | | | 1st State Bank # 27 | 26 32 |
| | | X | | Offset | 1 | 58498 50 | 3159 38 | 29 | 150 | | 6/14 | Charges | 1 00 |
| 30 | | X | | Gain Inventory @ 5 1/4 | 22 94 | 58498 50 | 3182 32 | | | | | | |

Foreign ledger sheet showing dual columns for dollars and foreign currency and the manner of handling charges and taking up profits

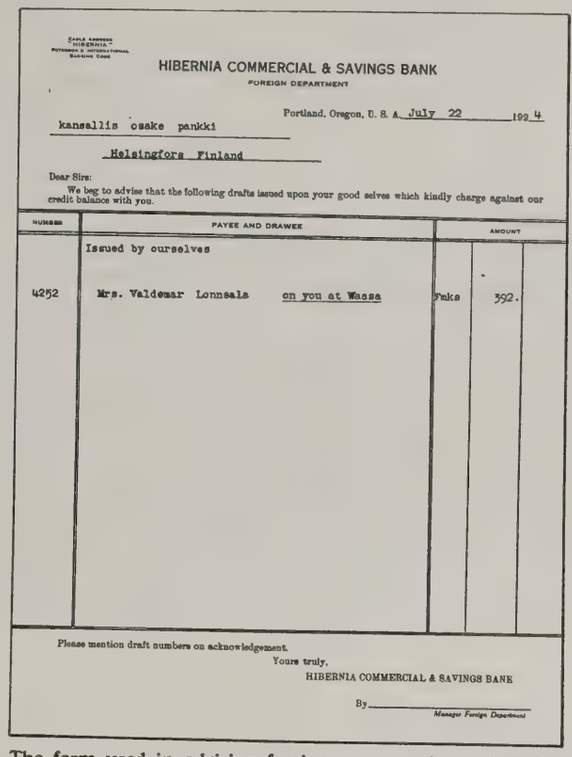
padded form available for use. This form shows the payee, place on which exchange is desired, the amount, and the sender's name. After the draft itself has been written out by the teller or his assistant and entered in the register, it must be taken to an officer to sign. The customer's requisition may be left with the officer. In this case these slips are collected at the end of the day direct from the officers by the auditing department. They are used to verify the "draft sold" credits sent to the general books. The same purpose is served by use of a stub on the draft which can be detached and retained by the officers signing.

It is customary to make a small charge for issuing a draft. The total of such charges is credited to exchange. Some banks eliminate this charge when the draft is requested by a customer with a satisfactory account.

Telegraphic transfers, outside of those that go over the leased wires of the Federal Reserve, are handled generally through the use of the ABA code. Instructions are wired to any bank to pay a designated payee. The code and the test words protect the transaction. If the paying bank is not a correspondent, a draft is mailed at once to cover. If the paying bank is a correspondent, a confirmation by mail and entry to the account completes the transaction. Banks normally make such payments on telegraphic instructions without charge as a matter of courtesy to the sending bank.

A similar instrument has been introduced for local use. Where a bank does not wish to accept small personal accounts it sells for cash a book of cashier's checks drawn in small amounts such as $10 each, on itself. The customer signs each one at the bank and countersigns when cashing.

While there has been a falling off in the sales of domestic exchange, foreign exchange during the same period has been an ever-increasing factor in the business of the average bank. Our exports abroad, purchases by Americans of foreign currency bonds, remittances home, speculation in depreciated currency have brought dealing in foreign exchange to even the smallest and most inland banks.



HIBERNIA COMMERCIAL & SAVINGS BANK
FOREIGN DEPARTMENT

Portland, Oregon, U. S. A. July 22 1924

kansallis osake pankki

Helsingfors Finland

Dear Sirs:

We beg to advise that the following drafts issued upon your good selves which kindly charge against our credit balance with you.

| NUMBER | PAYEE AND DRAWEE | AMOUNT |
|---|---|---|
| | Issued by ourselves | |
| 4252 | Mrs. Valdemar Lonnsals on you at Waasa | Fmks 392. |

Please mention draft numbers on acknowledgement.

Yours truly,
HIBERNIA COMMERCIAL & SAVINGS BANK

By _____
Manager Foreign Department

**The form used in advising foreign correspondents of drafts issued. It is customary in most countries for the bank to charge the account as soon as it receives this advice of drawings**

TRAVELERS' checks enjoy a wide popularity. ABA checks and American Express Company checks are widely sold by banks. A stock of these checks is furnished the selling bank without charge on its receipt. The bank receiving the supply must keep track of the serial numbers and account for all checks. Sales are largely in $10, $20, $50, and $100 denominations. The purchaser signs his name on the check at the time he buys it. For identification in cashing, he countersigns in the presence of the person from whom he wishes the money. The selling bank either remits each day at par for all checks sold or at par plus one-quarter of 1 per cent, according to the arrangement. The normal selling rate to the bank's customer is either half or three-fourths of 1 per cent premium.

A few of the large banks issue their own travelers' checks, but this can only be done with satisfaction to the purchaser when the issuing bank is nationally and internationally known.

Foreign exchange is sold under one of two methods. In the first case the retailing bank maintains no accounts in foreign countries and takes no risk on the market. Under previous arrangement a firm quotation, good up to an agreed limit, is obtained from a bank that maintains foreign accounts. This quotation is obtained in advance, usually daily. The retailing bank sets its own price, obtaining a profit by the difference between the two rates. The retailing bank has been supplied with a set of blank draft forms. These bear only its own name. The customer does not know that the selling bank is dealing through a wholesaling organization. These draft forms have a duplicate copy or advice stub attached. On making the sale the retailing bank fills out this stub or duplicate and mails it to the wholesaler. The wholesaling bank notifies its correspondent to honor the draft when presented.

THE selling bank incurs no risk on rates. It merely remits for each transaction at the rate that has been previously quoted. Many banks of considerable size handle all of their foreign exchange in this manner.

Under the second system the selling bank carries its own account in the foreign country. The banks in the United States that deal in foreign exchange extensively, maintain accounts in the principal commercial cities abroad with arrangements to draw direct against any one of the foreign bank's branches or correspondents. A bank here opens an account with the Midland Bank Ltd., of London, by deposting £10,000. When it sells sterling exchange it merely issues a draft against this balance.

The draft in many cases is issued in duplicate. This is an old custom first made necessary by the frequent loss of overseas mail. The two copies are forwarded by separate mails. The first to arrive is paid, whether original or duplicate, and serves as a stop-payment order on the other. On issuing a draft a notice is mailed at once to the bank with which the account is maintained. On receipt of this notice, in nearly all countries except England and sometimes there, the foreign bank charges the account. Where the advice is charged against the account as soon as it is received, the foreign bank gains interest if there is any delay in presentation of the draft itself. This may be a considerable item where speculators are holding drafts.

In the exchange department a subsidiary foreign ledger is maintained. In this ledger there is an account with each foreign bank. These accounts have double columns, one for entering in foreign currency and one for American dollars. Every transaction is entered both ways. Thus if the £10,000 purchased to be deposited abroad had cost $46,000, the Midland Bank Ltd., account would be debited in the first column with £10,000 and in the adjoining column with $46,000. As sales are made, the credit is entered in pounds sterling for the actual amount of the draft and in dollars for the actual selling price, not taking profit or loss into consideration. Exchange rates are constantly fluctuating. A bank may sell sterling at a dozen prices during an ordinary business day, varying its rate with the market,

the customer, and the size of the transaction.

As all new purchases and all sales are entered in dollars at actual cost or selling price, the foreign account carries in it the cumulative profit or loss:

| DEBIT | | BALANCE | | CREDIT | |
|---|---|---|---|---|---|
| £ | $ | £ | $ | £ | $ |
| 10,000 | 46,000 | 10,000 | 46,000 | | |
| | | 9,000 | 41,350 | 1,000 | 4,650 |
| 50 | 231 | 9,050 | 41,581 | | |

To place the profit or loss on the bank's books, the account is inventoried at market. Thus, inventorying the above sample account at $4.61 shows that the balance of £9,050 is actually worth $41,720.50; there is a profit of $139.50. This amount is credited to foreign exchange earnings and a dollar debit sent to the Midland Bank Ltd. account. The account is thus adjusted to the market.

Probably the best method is for this adjustment of foreign accounts to be made monthly whether there is a loss or a profit. Monthly adjustment, however, is not universal. Many banks make the adjustment every six months. In some cases, the banks have no regular policy, but take up profit in round sums from time to time and usually let losses ride until they are worked out. The monthly system insures that the controlling account will not verge too far from the actual value of the asset and keeps the general officers of the bank more in touch with what is happening in the foreign division. Banks with a heavy volume may figure a daily profit and loss. Sales are offset against purchases.

FOREIGN banks make many charges. They charge for handling drafts, for postage and other minor items. Monthly or quarterly they credit the account with interest or charge interest on overdrafts. The simplest way of handling the charges and credits is to make an entry in the foreign currency columns of the ledger, with no entry in the dollar column. By this method these items are absorbed into the one monthly or semiannual profit or loss adjustment figure. In passing these charges and credits to the ledger, a dollar equivalent, either at the current rate or an arbitrary amount, may be used and an offsetting dollar entry made, the latter entry carrying no foreign currency amount. The net result is the same as an entry in the foreign currency columns only, but the offsetting dollar entries insure that the ticket passes through and that it is accounted for in the daily balance of the bank.

Where they are satisfied with the credit standing of the American bank, foreign depositories, except where laws prevent, ordinarily permit overdrafts up to an understood amount. The American bank may thus sell cables pending the receipt abroad or maturing of bills it has forwarded. Interest is charged and possibly a fee in addition.

Most foreign banks do not return the canceled drafts with their statements, but mail advices of charges against the account. Thus if an American bank has drawn twenty drafts on its Paris account, it credits the Paris bank account in the foreign ledger at once and mails an advice to Paris. The Paris bank charges the total shown by the advice against the account plus a fee for itself. It mails back an advice to the American bank. Upon receipt of this acknowledgment from Paris the entry should be checked off on the foreign ledger and a dummy credit sent through in francs only for the charge. The date that the entry was made abroad should be indicated. If these ledger memorandums are kept up-to-date, it simplifies the reconciling of the foreign statements when received. Due to the many service charges, the practice abroad of combining on the statement several items into one debit or credit, the foreign language, and the great number of items in transit, reconciling a foreign bank account is at best far more difficult than with a domestic account.

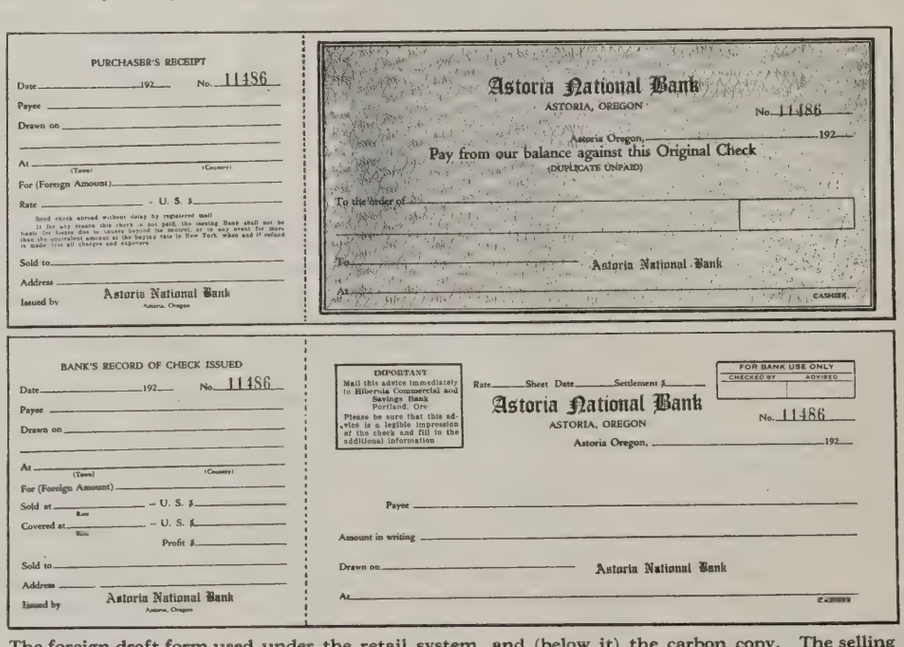
FOREIGN bills are one of the main factors in the exchange market. An exporter sells a cargo of wheat to England and draws in pounds a draft on the importer or his bank. The Englishman insists on his dealings being in sterling. The exporter desires the money at once so he discounts it at the current exchange rate for such paper at his bank. The bank forwards it to London. If drawn at sight, a debit may be made to the London bank account as soon as the draft is put in the mail.

If drawn other than on sight to handle the account, a general ledger account, "foreign bills purchased," is maintained. Due to the low discount rate usual in London, it will often pay to discount the bill there. The proceeds are credited to a "foreign bills sold" account. The amount, in dollars, should be the same as the amount at which carried in the "foreign bills purchased" account, and when advice is received of final payment, removing the bank's contingent liability, both accounts are reduced by offsetting entries.

There are many ramifications to the business and it is only possible to suggest here the simplest outline. Banks draw drafts under arrangement on London, payable sixty or ninety days after sight, and discount these drafts abroad after they have been accepted by their London correspondent, thus obtaining spot sterling. The London bank receives a commission for accepting. This is not of the relative importance it was before the depreciation of foreign currencies and merchants and dealers now are obtaining protection from exchange fluctuation more frequently through purchase or sale of future or forward exchange.

A bank dealing extensively in foreign exchange must be prepared to handle futures. An American importer of glass from Belgium, books orders among his American customers, of

(Continued on page 53)


PURCHASER'S RECEIPT

Date _____ 192__ No. 11486

Payee _____

Drawn on _____

At _____ (Town) (Country)

For (Foreign Amount) _____

Rate _____ U. S. $ _____

Send check abroad without delay by registered mail.
If for any reason this check is not paid, the issuing Bank shall not be liable for losses due to causes beyond its control, or to any event for more than the equivalent amount at the buying rate in New York when and if refund is made, less all charges and expenses.

Sold to _____

Address _____

Issued by Astoria National Bank, Astoria, Oregon

Astoria National Bank
ASTORIA, OREGON
No. 11486

Astoria Oregon, _____ 192__

Pay from our balance against this Original Check
(DUPLICATE UNPAID)

To the order of _____

For _____ Astoria National Bank

At _____ CASHIER

BANK'S RECORD OF CHECK ISSUED

Date _____ 192__ No. 11486

Payee _____

Drawn on _____

At _____ (Town) (Country)

For (Foreign Amount) _____

Sold at _____ Rate _____ U. S. $ _____

Covered at _____ Rate _____ U. S. $ _____

Profit $ _____

Sold to _____

Address _____

Issued by Astoria National Bank, Astoria, Oregon

IMPORTANT
Mail this advice immediately to Hibernia Commercial and Savings Bank Portland, Ore
Please be sure that this advice is a legible impression of the check and fill in the additional information

Rate _____ Sheet Date _____ Settlement $ _____

FOR BANK USE ONLY
CHECKED BY | ADVISED

Astoria National Bank
ASTORIA, OREGON
No. 11486

Astoria Oregon, _____ 192__

Payee _____

Amount in writing _____

Drawn on _____ Astoria National Bank

At _____ CASHIER

**The foreign draft form used under the retail system, and (below it) the carbon copy. The selling bank draws the draft in the currency desired on a foreign bank specified in the instructions issued by the wholesaling bank. Both the draft and the stub are delivered to the customer, who retains the stub as his own record and forwards the draft to the payee abroad. The name of the wholesaling bank does not appear in any way. The copy is forwarded at once to the wholesaling bank. The wholesaler makes the required entry in its own foreign ledger and immediately mails an advice to its foreign correspondent to honor the draft. The stub is retained by the retailing bank**



To the right of the entrance directly off the main banking floor

# Bank Ways With the Women of Utica

## The Manager Emphasizes Some of the Phases of the Work Essential to the Success of the Department for Women

*By* IDA M. HENRY
Citizens Trust Company, Utica, N. Y.

IN ONE of our recent financial magazines someone said, "and some banks have gone so far as to give women special departments." When I read this my first thought was to ask for space and reply, but on second thought, I decided why waste the energy. Some day that institution without special departments will suffer a financial illness and a service doctor will be called in to expend the energy. In the meantime their competitors with the special departments for women, will be so far beyond them, they will never catch up. Someone has said, "The man who says it can't be done, is always interrupted by the man who is doing it."

I don't believe the average banker realizes what splendid accounts women have. They haven't reached the borrowing stage nor do they know about the speculative stage. When I say they, I mean women as a whole. Then there is the very conservative banker who doesn't think it good judgment or wise finance to give a service of any kind, not so much as a happy good morning or a cheerful thank you. He constantly tries to undermine the programs that are put out to solicit new business. But there are bankers who do not allow any immediate glitter to blind their eyes to future development. Very recently I heard a banker say, "not so long ago a floor man was employed to usher you out, but now he is there to insist upon your coming in." All this has come about in just a few years, consequently we couldn't expect everyone to hear the "voice of the vision."

THROUGH the war period many women came into our institution to use one department or another. This was what brought about the opening of our department on January 1, 1919.

At first it did not appear that women wanted a woman to assist them in any way. But after many persistent efforts we are convinced that in nine cases out of ten a woman prefers a woman to advise her and she thoroughly enjoys this special department.

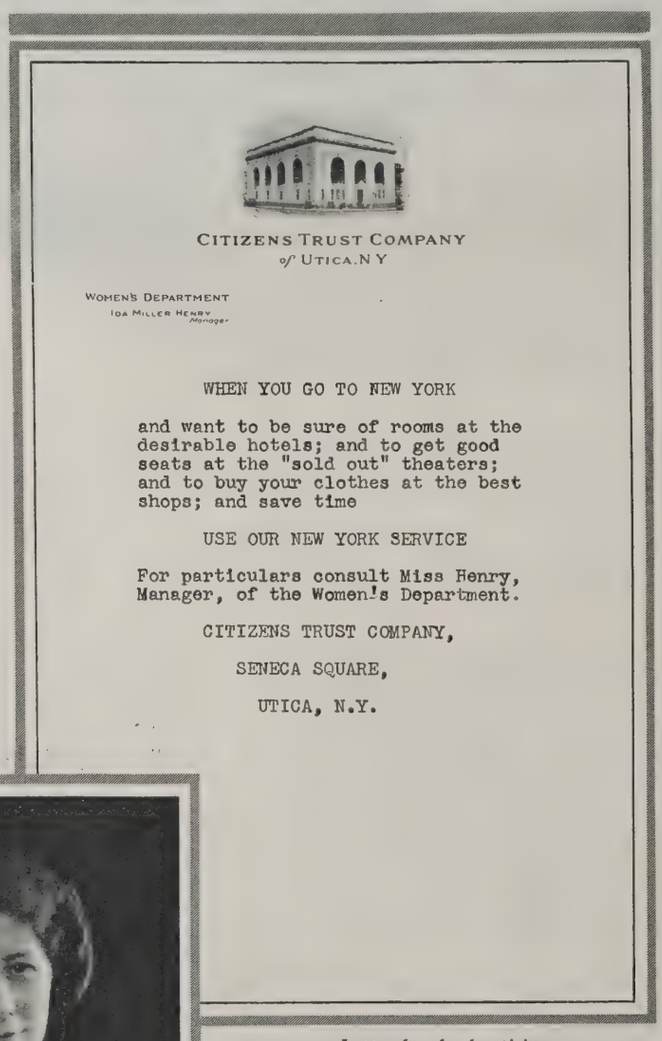
Our department is just to the right of the entrance and directly off the main banking floor. We have three tellers paying and receiving all of the time. My desk is so placed that everyone coming into the department must pass it. Comfortable chairs, individual desks, telephones, rest room and stationery are provided. I believe the first service you owe women is a restful, attractive, but still a businesslike room. We have tried to give ours a homelike appearance and still have retained the businesslike atmosphere.

Women's nerves are set up differently than men's and they haven't been playing the business game so long. You must allow for all these things. Fresh flowers are a part of the scheme—you cannot imagine what a bowl of just ordinary field daisies will do. There is a certain psychology about a flower, it soothes and somehow inspires confidence. Our department meets the inquiry of the woman who would hesitate to consult an officer

freely, thinking her problems would not warrant disturbing him. Then there are women who dislike to confess—to a man—that they do not know. They don't hesitate to tell a woman they are ignorant of their subject.

I can almost hear the average banker saying, how can new business be obtained this way? Many times I am asked how do you get new accounts, what is your method of approach? My answer is, a satisfied woman customer is the best advertising your bank can have. Every minute of my time is taken at my desk, so I have no time to solicit outside except by contact such as newspaper publicity, letters and giving talks before various organizations. One method I have found most successful is the use of two interest tables. At the first I used one showing how much you can have at sixty-five, if you start at twenty and deposit so much a month until you are fifty. One day, a man who had heard me give a talk, spoke of this table and told me he thought I was making a mistake in using it, especially before young people, because most girls and boys felt you were very old when you were sixty-five and someone else was quite apt to use the money. That criticism prompted me to hunt for a different table and I found one showing what you could have at the end of ten years, if you deposited weekly, in a bank that paid 4 per cent interest compounded semi-annually. This was much more effective and as a result of it, after talking before comparatively small groups of young business women, I have opened twelve new accounts within a few days after the meeting.

My next approach is by personal letter. When I am informed by some one of my depositors or the newspapers, that a woman is coming to our city to engage in some new work, I make it a point to find out when she will arrive and what day she will start out on her new venture; that morning I put a letter in the mail, telling her we are happy to have her come to our city, wishing her success and inviting her to come and see our banking home, also our special department for our women depositors. In all my letters I use the same paragraph to close—"A call does not obligate you, this letter will serve as an introduction—do come and see us." I keep this letter as a check and do not return it when it comes in.



CITIZENS TRUST COMPANY
of UTICA, N.Y.

WOMEN'S DEPARTMENT
IDA MILLER HENRY
Manager

WHEN YOU GO TO NEW YORK

and want to be sure of rooms at the desirable hotels; and to get good seats at the "sold out" theaters; and to buy your clothes at the best shops; and save time

USE OUR NEW YORK SERVICE

For particulars consult Miss Henry, Manager, of the Women's Department.

CITIZENS TRUST COMPANY,

SENECA SQUARE,

UTICA, N.Y.

**Letter-head advertising**



**Miss Henry**

About six months ago a woman brought a letter to me. She said, "I cannot tell you the comfortable feeling that letter gave me. I never had heard of a woman waiting on women in a bank before and I thought I would call and meet you." This account meant a great deal to me, but she did not say I could have it and I could not ask for it even diplomatically. She left me with a very cordial good morning and thank you for your courtesy. Two months later I was very busy at my desk one morning when I heard some one say "Well, Miss Henry, I am hear to open my account. I have visited all the banks and I want to do business with you."

In this day of competition between financial institutions, there isn't a single thing you can offer a prospective depositor that cannot be duplicated by your competitor in the next block except the atmosphere you create to attract them. This woman had banked in many of the large cities in the United States and Europe and she went to all the banks before she would take my word that we maintained a special place for our women.

Last October we took on a New York Service, which we described in a folder, and I have used a special letter to women prospects who would be apt to use that service. By that I mean I have appealed only to women who spend a great deal of time in New York City. Then to others I use just "Notice when you go to New York." The letter is as follows:

My dear Mrs.————:

In the past we have found so many women were unable to do all the things they wished to when in New York City, that we decided to offer our women depositors a New York Service.

Having their interest at heart and wishing to render the very best service possible, we made the arrangement described in the enclosed folder, with the Empire Trust Co.

Come in and see our Women's Department and let us explain to you how we care for our women depositors.

I am sure when you see "Our Splendid Banking Home" and the ideal conditions under which women transact their banking business, you will want to take advantage of "The Unexcelled Service *We Now Offer Our Women Depositors.*"

A call does not obligate you, this letter will serve as an introduction—do come in and see us.

Cordially yours,
Manager.

My slogan on all advertising is "Take advantage of the unexcelled service we offer our women depositors."

We have used in the past very little newspaper advertising—in fact, until last year we had none. I cannot say that many accounts come from this source, but it does bring women into the department, if nothing more than to see it. The possibilities are unlimited if the woman in charge is

Continued on page 44)

# The Measure of a Birthday=Results

## The "Shot Gun" Methods for New Business on the Occasion of the Celebration of the Twentieth Year of a Chicago Bank

*By* A. T. HUIZINGA
Peoples Stock Yards State Bank
Chicago, Ill.

WHICH is "the more beautiful to behold"—a bank lobby full of people, children much in evidence, all milling around the souvenir desk—or a bank lobby crowded with ten or twelve long lines in front of ten or twelve savings receivers' windows?

Too long have banks been content with campaigns, anniversaries and opening days that are mere publicity getters. Publicity of itself is highly desirable, but a campaign where results can be measured in terms of publicity *only*, is really not a complete success.

Realizing all this, the committee in charge of planning a twentieth anniversary celebration for the Peoples Stock Yards State Bank—the largest outlying bank on Chicago's South Side and the ninth largest savings bank in Chicago—decided that anything it should plan must yield actual results. It aimed, therefore, to build a campaign around the slogan, "Make a deposit—open an account, during Anniversary Week." At the risk of placing the cart before the horse, we may state here that over 10,000 persons made deposits during the week, over 600 opened new accounts, and the *net* increase in deposits was such that the total deposits and total resources passed the sixteen million mark and eighteen million mark, respectively, for the first time. These were the results in spite of the fact that the week was more like the first week in March, instead of June, and that it rained a part of nearly every day.

To many readers of this magazine a twentieth anniversary may not seem worth celebrating. There are banks that look forward to the century mark, or at least to a fiftieth anniversary. But since plans for our celebration are applicable to any and the results are so genuine, they are worth considering. Furthermore, not many of Chicago's 200 banks have seen two decades of service, so it is natural that the bank itself should have wanted to celebrate.

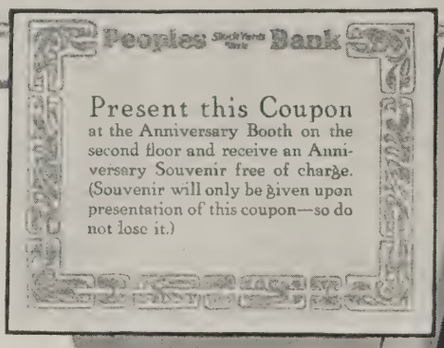
Concerted drives for new business are desirable, provided they are not run too often. When tied up to an anniversary, or a new building, or a new service, they secure greater attention and larger results than the same amount of money spent in a general advertising campaign. To capitalize on the fact that the twentieth anniversary of the bank's organization occurred the first week in June, was then the logical thing. "Anniversary Week"

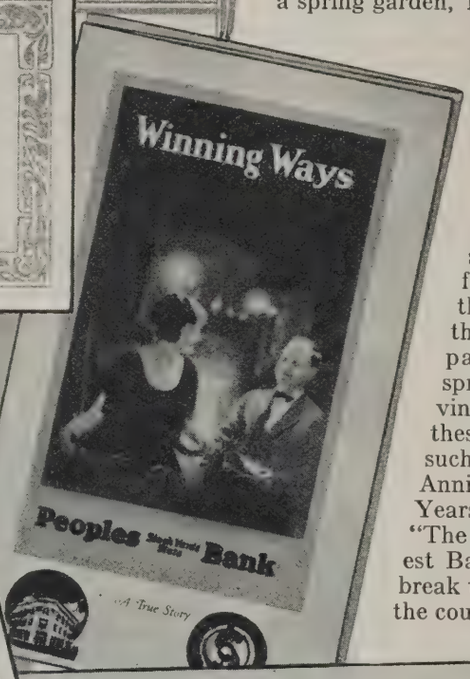


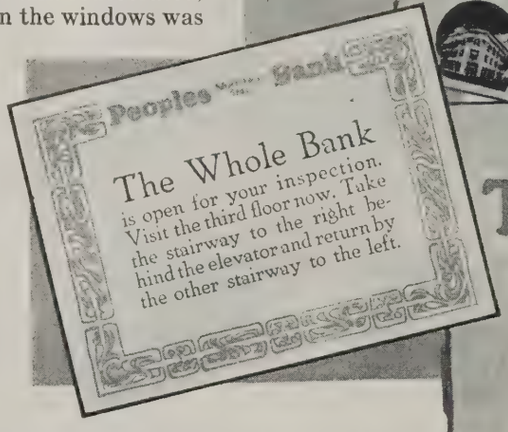
# An Invitation to a Bank's Birthday Party



of the "Peoples Bank" was a gala affair. From the very beginning of 1924 interest was aroused slowly but steadily. In anticipation of the event a number of advertisements were run, calling attention to the fact that the bank was approaching its twentieth anniversary. All advertising matter, and even letterheads, carried this slogan, "1904—1924 —Twenty Years of Achievement —The South Side's Greatest Bank." The whole bank building, inside and outside, was cleaned and redecorated, the gold lettering on the windows was renovated, and a new electric sign was installed. All this was merely preliminary work that actually had no part in the anniversary. June 2 to 7 was set aside for the celebration and no vacations for officers or employees were scheduled for that time.



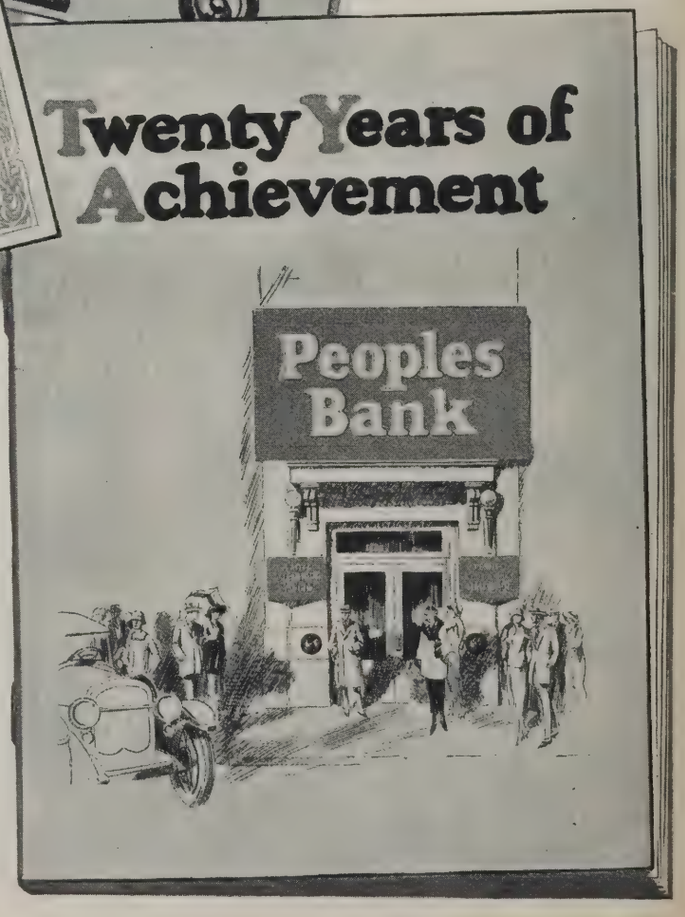




IN PLANNING the festivities of the week itself, the problem of how to bring the crowds to the bank was, of course, the biggest one. Here was no new building (in fact it was twenty years old), nor even a new addition. The idea of giving a handsome souvenir to anyone and everyone was out of the question, and not even good merchandising. So a three-fold appeal was planned. First, there were to be beautiful decorations inside and outside, a special exhibit depicting the progress and achievement of the city, an anniversary booklet, and music. Second, present as well as prospective customers and depositors were to be asked to make a deposit or open an account during "anniversary week" so that they might enjoy the distinction of being a "Twentieth Anniversary Week depositor." And third, for all those who did make a deposit or open an account, there was to be a *little* remembrance of the occasion —an anniversary souvenir.

The decorations and exhibit were unique. The outside of the bank was gaily decorated with flags and bunting. That, of course, was no new departure. But the lobby and second and third floor decorations were beautiful and original. Along the tops of the tellers' cages, around the pillars, entwined in the lighting fixtures and over doorways and other vantage points were vines and branches of Southern smilax. The green was broken here and there with artificial flowers, singly and in sprays, and with gorgeously colored butterflies. The effect was that of a spring garden, in keeping with the first week in June. At the top of each pillar, over doorways and in other prominent places were plaques or shields, decorated in pastel colors, each with a different slogan. Projecting from the back of these plaques were three flags in three pastel shades, with sprays of larkspur and vines. The copy on these plaques included such bits as "Twentieth Anniversary," "Twenty Years of Achievement," "The South Side's Greatest Bank," etc. And to break the straight lines of the counters and cage tops,

(Continued on page 32)



# Shall We Charge the Little Fellow?

## A Summary of the Regulations Adopted by Twenty-two Clearing House Associations on the Service Charge and How It Works

*By* ALLAN F. WRIGHT

SUPPOSE that I am Mr. Average Depositor and I have a checking account in the First National Bank of Anytown, U. S. A. I have been a depositor in that institution for quite a number of years. To the best of my knowledge our relations with each other have always been satisfactory. Granting that the bank could never have grown very fat on the balances I carried with it, I have always covered my checks to avoid overdrafts and hence I assume I have done all that the occasion required. However, in looking over my last monthly statement I find among my cancelled vouchers a charge of $1.00, "as compensation for service rendered during such month." I become indignant. I resent such a gross injustice to an old customer of the bank. I denounce the officials for instituting such a mercenary and short-sighted policy. Forthwith I decide that I will take my business where it will be appreciated.

This attitude on the part of Mr. Average Depositor, whom I have just depicted, is what Mr. Average Banker stands in fear of when he approaches the subject of a monthly service charge as a means of solving the small checking account problem which has perplexed him for so many years. It is a kind of bugaboo that restrains him from making his dictum too positive even though he may not lack the courage of his own convictions. I venture to say that practically every banker who is now exacting a service charge on checking accounts below a certain minimum did not begin the practice without perceptible hesitation and more or less shilly-shallying and yet, from information gained from twenty-two clearing house associations in different parts of the country who have adopted monthly service charges for their clearing house banks, it appears that almost without exception, the public has accepted the plan quite gracefully. The hobgoblin in the shape of the offended depositor who gives bankers a growing fear of consequences seems to be a difficulty that has been somewhat overrated.

There are at present some sixty clearing house associations in different cities of the United States which, through clearing house regulations that are binding on all member banks, are making small checking accounts pay their own expense by the exaction of monthly service charges varying from twenty-five cents to $1.00 on balances below a minimum ranging from $50 to $300. In addition to these clearing house cities there are also a great many banks in the smaller places that are making service charges, not under a clearing house rule but through some agreement whereby united action could be obtained and in a number of instances, individual efforts are being made by single banks.

The accompanying chart contains a list of twenty-two of these principal cities together with the number of banks in each city, the initial deposit required, the rate of interest allowed on checking accounts if any, and the amount of the monthly service charge. All of these cities with the exception of Minneapolis make the charge under a clearing house ruling. The system in vogue in Minneapolis is a volunteer agreement among the banks. The service charge was originally established about six years ago on the basis of fifty cents a month on accounts that average less than $100, but some of the banks have gradually drifted away from this original agreement and the larger banks are today charging $1.00 a month on such accounts and the smaller ones in the suburban districts fifty cents a month.

The member banks of ten of these twenty-two clearing house associations impose the service charge if the account falls below the minimum for a single day, while the remaining twelve provide that the banks shall charge only when the average for the month falls below. Fourteen of the same number do not make the charge if no checks have been drawn and the account has remained dormant for the full month, while eight apply the charge regardless of whether it has been checked against or not. Only seven of the clearing house associations felt that it was necessary to inaugurate any educational campaigns prior to the time the service charge went into effect.

The cities of Des Moines, Hartford, Phoenix, Spokane and Toledo are the only ones of this list that allow any exceptions to the charge. The exceptions include accounts of a religious, fraternal or charitable nature, accounts that have affiliations with other profitable bank business, such as officers and managers of corporations or business houses and the wives of depositors who have good accounts, and savings or

| City | Number of Banks | Minimum Initial Deposit | Rate of Interest on Checking Accounts | Amount of Service Charge |
|---|---|---|---|---|
| Atlanta | 17 | Varies | 2½% above $3000 | 50c under $100 |
| Boston | 40 | None | 2% on amount above $500 | $1.00 under $300 |
| Des Moines | 25 | $50 and $100 | No interest | 50c under $100. (Accounts of a charitable nature excepted) |
| El Paso | 6 | None | No interest | 50c under $50 |
| Hartford | 20 | $100 | Discretionary | 50c under $100 (Other accounts considered) |
| Kalamazoo | 4 | None | No interest | 50c under $50 |
| Knoxville | 7 | None | No interest | 50c under $100 |
| La Crosse | 6 | None | No interest | 50c under $100 |
| Minneapolis | 42 | None | Discretionary | 50c to $1.00 under $100 |
| New Orleans | 11 | None | No interest | 50c under $100 |
| Oakland | 10 | Varies | No interest | 50c under $100 unless average is $200 and less than 3 checks |
| Omaha | 18 | None | No interest | 50c under $100 |
| Orange, N. J. | 6 | None | Discretionary | 50c under $100 |
| Peoria | 9 | $50 | No interest | 50c under $50 |
| Phoenix | 7 | Varies | No interest | 50c under $50 if 2 or more checks. (Other accounts considered) |
| Portland, Ore. | 23 | None | No interest | 50c under $100 |
| Richmond | 24 | None | Discretionary | 50c under $50 if 5 or more checks |
| Salt Lake City | 13 | $100 | No interest | 50c under $50 |
| Sioux Falls | 8 | None | No interest | 50c under $50 |
| Spokane | 13 | None | 1% above $5000 | 25c under $100 (Other accounts considered) |
| Syracuse | 10 | None | 2% above $500 if less than 12 checks in 3 months | $1.00 under $200 |
| Toledo | 16 | $50 | Discretionary | 50c under $50. (Some exceptions made.) |

trustee accounts, the total of which would bring the average above the required minimum. In order to see that no one is charged who should not be, the banks of Phoenix, Ariz., ask their bookkeepers and tellers to prepare each month a list of all those who might be subject to the service charge and this list is submitted to all of the officers of the bank who then eliminate any who might come under the above classifications.

That the plan of making a monthly service charge to offset the loss occasioned by carrying insufficient checking balances can be operated successfully, has been demonstrated. Unmistakable evidence has been furnished by these twenty-two clearing house associations whose members number 335 representative banks of the United States that have been following the plan for periods varying from two months to six years and some of whom state they are in such hearty accord with the plan that they believe each bank would continue it even though the clearing houses ruled it should be discontinued.

To those bankers who lack the moral courage to initiate the monthly service plan and who are letting "I dare not" wait upon "I would," or to those who believe the idea to be of doubtful propriety at best, the following excerpts from letters received should prove of decided interest.

Joseph Baily, manager of the Spokane Clearing House Association and vice-president of the Fidelity National Bank, writes: "When the service charge was put into effect here the banks approached the matter with considerable fear. However, we found that very few accounts were lost and very little opposition was made to the service charge. The deposits of our bank are around $4,000,000, of which $2,000,000 is made up of the individual deposits. In analyzing our accounts at the time the service charge was put in we found we had 2,200 accounts out of a total of 3,600 that would average less than $100. If we had lost the whole 2,200 accounts and if each account had averaged the maximum of $100, we would have lost only $220,000 from the total of our deposits. No loss, however, was observed and the service charge brings in quite an item of revenue each month. We make the charge on all checking accounts, whether checks have been drawn or not."

F. W. Blalock, secretary of the Atlanta Clearing House Association, writes: "Our service charge of fifty cents is applied monthly to such accounts as do not maintain an average of $100 balance for the month, and where an account is not checked upon during the month, there is no charge. The plan has been most satisfactory

(Continued on page 43)

# They Park Their Cars in the Bank's Back Yard

*By* MAXWELL DROKE

THE Meridian State Bank, of Indianapolis, is located on Meridian Street, one of the city's busiest thoroughfares. In a sense it is a neighborhood bank since it is situated several blocks from the downtown district. This, however, does not obviate the fact that parking space in front of the building is at a premium.

Noticing that customers of the bank were frequently inconvenienced by inability to park their cars at the curb, Frank L. Riggs, cashier of the bank, hit upon a happy solution of the problem. The bank is built upon an unusually deep lot, and there is considerable vacant space in the rear. "Why not utilize this vacant lot as a parking space for customers' cars?" Mr. Riggs suggested.

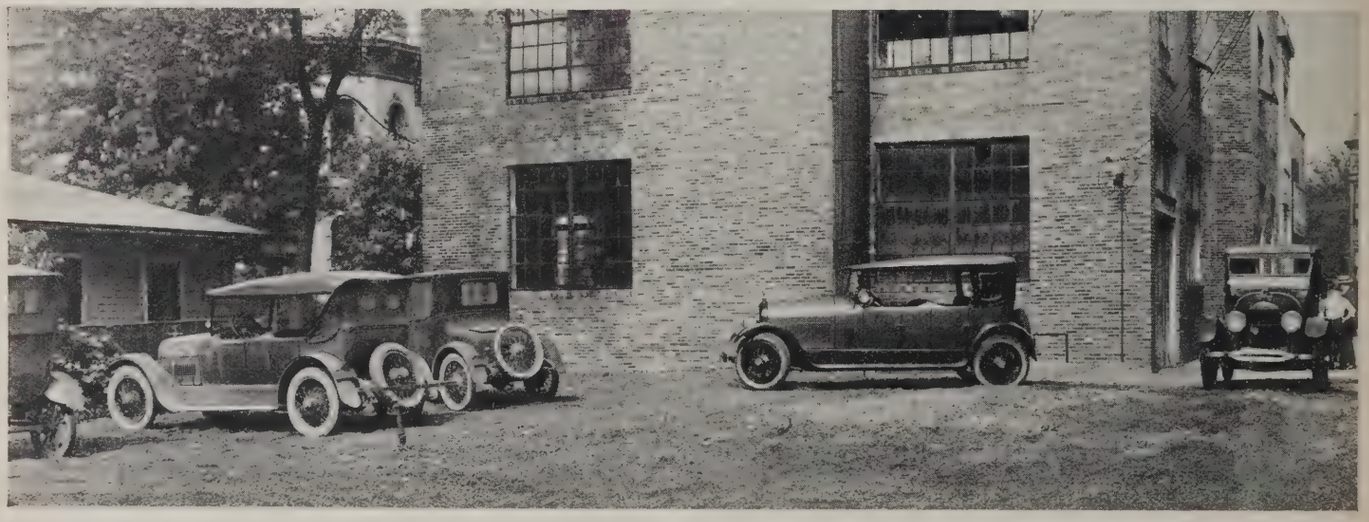
There seemed to be no adequate reason why the thing shouldn't be done—and a number of very good reasons for doing it. So the plan was immediately put into action. The lot was graded and leveled to make an ideal parking site.

When the space was ready for occupancy, a letter was sent to customers of the institution, advising them of this innovation, and urging that they make use of the parking space. The free parking feature has also been stressed in the bank's general publicity.

The response to this hospitable invitation was immediate. Customers had often felt the need for just such a service, and they were not slow in taking advantage of the offer. At almost any time during banking hours, one may see at least four or five cars parked in the space.

While the service is primarily for customers who wish to visit the bank, many persons park their cars in this space for a considerable period of time, while transacting business in the neighborhood.

The bank is particularly fortunate in the location and accessibility of this tract. If the limited parking space in front of the bank is occupied—and it usually is—the customer may simply turn in a side street, and drive to the rear of the building, with practically no loss of time. Moreover, he is sure that his car will be well protected, with no danger of bent fenders, smashed headlights, and other damages which cars parked on busy thoroughfares so frequently encounter. And, incidentally, the driver avoids the annoyance of having to "see-saw" his way out of a line of cars closely parked along the curb. So, all in all, it seems to be a pretty satisfactory arrangement for everyone concerned.



# With the Camera



The girls of the Cleveland Trust Company are taking no chances. They've organized a revolver club. A Smith & Wesson pistol expert gives them instructions in position, sighting, loading and unloading and they test their skill in a practice range in the basement of the bank



On the right: Chicago banks in the vicinity of the stock yards take the bank direct to the employees of the stock yards every pay day. They set up temporary receiving cages in the packing plants to collect the workers' savings



The new $1,000,000 home of the Bank of Oakland, Calif. The eighteen-story addition was erected, banking rooms extended into the addition and the entire ground floor remodeled. The bank has floor space equal to a city block



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The Russian sculptor, Shadr, at work on his bust of "The Peasant." A likeness of the bust is reproduced on all Russian coins and postage stamps

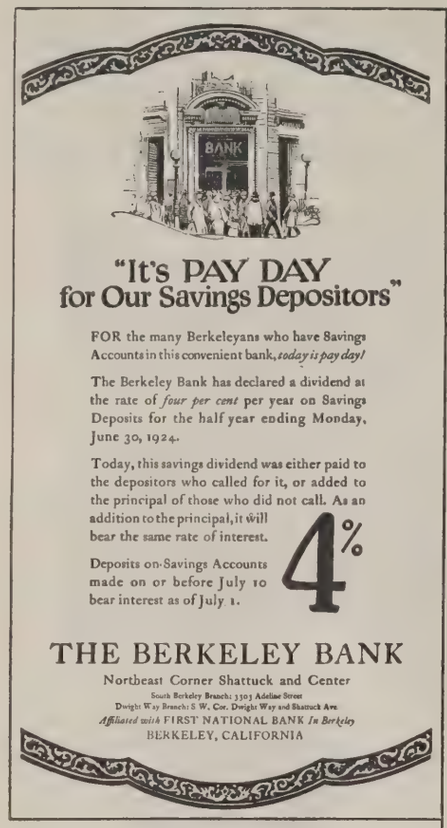


On the left: A replica of Independence Hall of Philadelphia is soon to be set up at Halsted Street and Exchange Avenue, Chicago, at a cost of $500,000. The building, here reproduced from the architect's sketch, will be the new home of the Stockyards Trust and Savings Bank

# New Business in a Post-Prandial Way

## A Paterson, N. J., Bank Gave a Dinner and Interested Its Stockholders in New Business Efforts; Other Advertising

By T. D. MACGREGOR
9 Hanover Street, New York City




GETTING stockholders really interested in their bank is not an easy task but it is worth trying. The National Bank of America, Paterson, N. J., held a first anniversary dinner to which stockholders were especially invited. After all had partaken of a fine dinner, W. E. Walter, president, made this announcement to stockholders:

"You will be interested, we feel sure, to learn that new plans have been formulated for developing the business of your bank. You will be interested because, generally speaking, more deposits mean a greater earning capacity, and greater earnings mean larger dividends.

"Officers, directors and employees have promised to do all they can to bring in new depositors; and, as our stockholders will eventually profit most from this campaign, we are going to ask your co-operation as well.

"It is so little we are going to ask you to do for your bank that we know you will do it gladly. Here it is: Will you, in the next month, induce just *one* person—more, of course, if you can—who does not already do business with us, to become a depositor in (this) your bank? If our other stockholders do as well, success is assured."

A practical handbook for directors and stockholders entitled, "What You Can Do For Your Bank" was also distributed at the dinner.

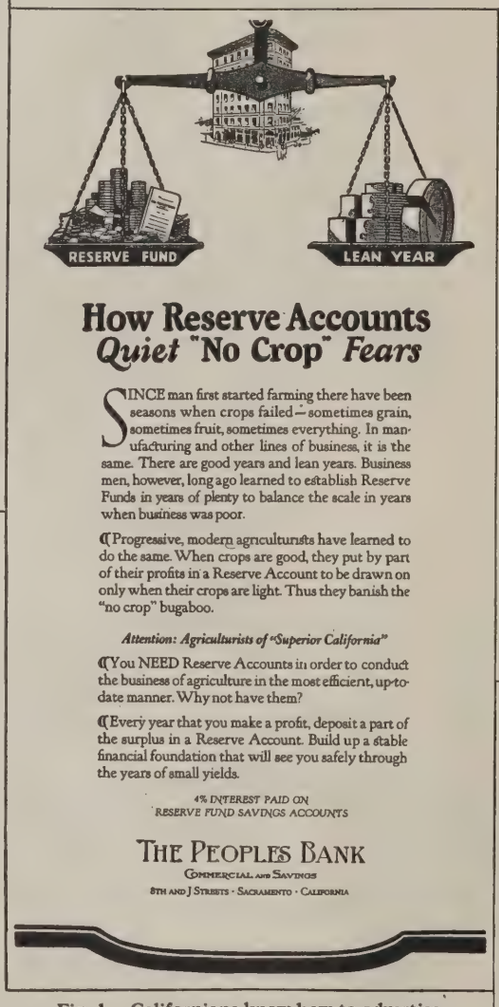



**Fig. 1. Californians know how to advertise**

The results of this social-business affair were found to be very satisfactory. Even stockholders who could not attend the dinner did not escape. They received a card from the president a little later which read:

Dear Stockholder:

We are sorry indeed that you found it impossible to attend the dinner last Tuesday evening.

However, your souvenir is here at the bank and we shall appreciate your calling for it as soon as you can conveniently do so.

W. E. WALTER,
President.

Then when they did call the advantages of co-operation in new business efforts were pointed out to them.

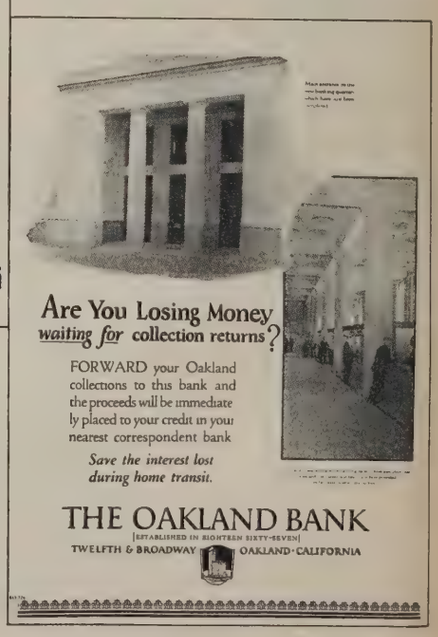
IF YOU want to remember the four things to be accomplished by your newspaper advertising, do as one prominent banker does and consider their initial letters as forming the word IDEA, as follows:

*Interest.* The advertisement must attract attention by its interesting typographical form, illustration and literary style.

*Desire.* This is where the skill of the ad writer comes in, making the reader want to do as the advertisement suggests—deposit money, rent a safe deposit box or create a living trust, for example.

*Enthusiasm.* When the advertisement is written as if the writer himself really believed in the proposition its chances are greatly improved of inducing favorable action.

*Action*, which is the final object of the advertisement. Unless the reader comes to your bank or gets in touch with you to carry out your suggestion as to taking advantage



of the services you offer, it is pretty hard to measure its value other than as "general publicity."

"A COUNTRY BANKER'S FRIEND" is the cordial title of a banking journal advertisement of the National Bank of Commerce in St. Louis. The whole ad is unusual and good, so I am reproducing it (Fig. 2) for the benefit of the banking fraternity as a whole.

THE advertisement of the Fidelity-International Trust Company, New York (Fig. 2), shows how the individual services and neighborhood accommodations offered by banks may be emphasized.

THE best thing in the advertisement of The Bank of America (Fig. 2) is the novel calendar showing a month full of July 4ths. It is a stroke of genius and will drive home the point of the advertisement instantly.

AN EXPERT advertiser says: "Never entrust a one-cent stamp with a task which properly calls for the superior powers of a two-cent messenger. By long association with matters of larger moment, the two-cent stamp has acquired a dignity and importance which commends it to the closer attention of its recipient. Affairs of responsibility are delegated to the two-cent stamp. It carries orders, checks, letters pertaining to important subjects, personal missives, and, at unhappy times of the month, bills. Its very appearance suggests an inclosure worthy of careful perusal."

EVERYBODY knows that the execution of plans for a new building means an overload and "time-and-a-half" for all hands. One of the reasons, I suspect, for the conspicuous success of the opening of the new home of the Union Trust Company in Cleveland, was the following letter from "Gus" Handerson:

To the Folks in the Advertising Department:

On or about May 1st we will move into the new building, at which time the official opening of the new banking quarters will be held.

This announcement means that between now and May 1st, this department will be called upon for every conceivable sort of extraordinary service—rush jobs—front office "musts"—in addition to the preparation and production of a well-thought-out campaign approximating at least six months' normal effort.

It will mean that each one of us will have to hold ourselves in readiness at all times for every sort of abnormal call and demand. As never before this department will be tested as to its ability.

I have no fear of the outcome. I only ask now for the interested and unusually close co-operation and loyalty of all of us.

There will be many times when we will all be intensely nervous and the pressure will be tremendous, but by sticking together we can put it over with a bang and with a reaction which will accrue to the credit of every one of us. We, who are about to die, salute you. In the words of Admiral Schley, "Don't cheer; the poor devils are dying," but for ourselves let's cheer even as we die.

Hoping to meet you on the other side of the Jordan, I remain,

Very truly,

C. H. HANDERSON,
Publicity Manager.



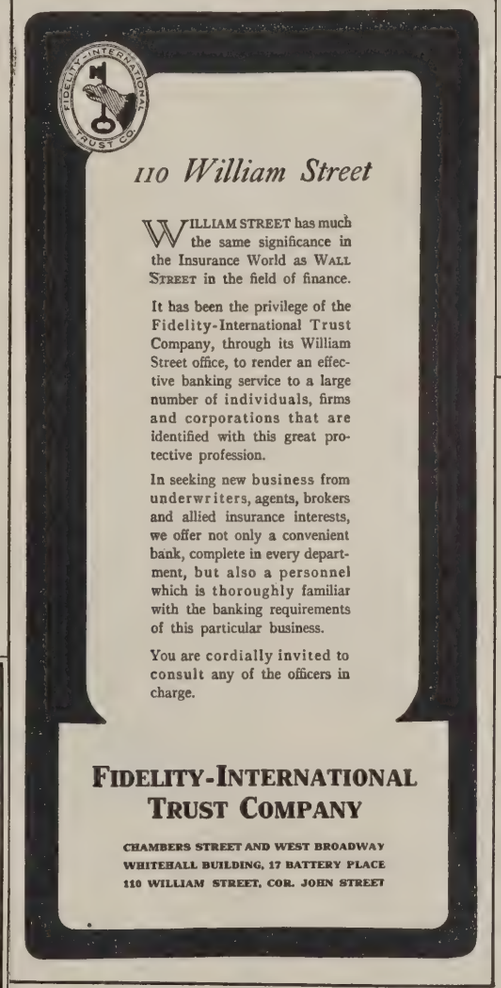




Fig. 2. Something different from St. Louis, local conditions in New York, and a stroke of genius (Bank of America)




IN AN advertisement concerning its satisfactory growth, the Fletcher Savings and Trust Company of Indianapolis says:

"The Fletcher Savings and Trust Company has tried to conduct its business in accordance with certain definite principles. Among them are these:

"1. In dealing with other people's money nothing else is as important as safety.

"2. In an institution holding itself out to serve the general public, small business, even though not profitable, should be accepted and handled just as efficiently as large business.

"3. All customers should be treated alike.

"It would seem from the company's growth that the conduct of business in accordance with these principles has met with favor."

SPECIAL local conditions frequently provide subjects for bank newspaper advertisements. For example, note the two advertisements of the Old National Bank of Spokane reproduced herewith (Fig. 4). The lumber business is a big factor in the Pacific Northwest as one-half the standing timber in the United States is located




**Fig. 3. Curiosity killed a cat**

there. So it was a logical thing for this bank to use some of its advertising space to warn hunters, fishers and campers to be careful with fire in the woods.

The other advertisement referring to the biennial cleaning of the outside of the bank building is an unusual one. In fact, I have never before seen one along that line.

This institution and its affiliated Union Trust Company also issue attractive booklets, folders, etc., among them "In the Words of Our Clients," "Look Us Over" and "A Safe Place to Keep Your Insurance Policies."

SKIPPING across the continent, I call attention to the advertising of the Franklin Trust Company, of Philadelphia. The two advertisements shown (Fig. 4) have to do with the new quarters of the institution and regarding this advertising H. E. Jones, assistant to the president, writes:

"Notice particularly the little teaser advertisement placed in all of the Philadelphia newspapers for one week before the opening. It simply mentioned the day of opening and contained our 'Day and Night' trademark. You will observe that in one of our larger advertisements this little ad appears in a rather attractive manner. Do you not think our safe deposit advertisement is out of the ordinary and quite effective?" I think it is out of the ordinary but Mr. Jones is in a better position than I am to tell how effective it was.

REGARDING the advertisements of the First National Bank, of Madison, Wis. (Fig. 3), W. E. Walker, advertising manager writes:

"They say curiosity once killed a cat. But it didn't stop there. It helped build business for Nelson Doubleday, Inc., publishers of the 'Book of Etiquette.' The quintessence of curiosity was aroused in 'most anyone who read their headline, 'What's Wrong With This Picture?'

"And we found that a bank, too might score a few new accounts by employing the curiosity appeal—justified in theory by advertising text books which

(Continued on page 45)




**Fig. 4. Unusual topics in Spokane and featuring a new home and a new vault in Philadelphia**

# Charting the Sources of Good Will

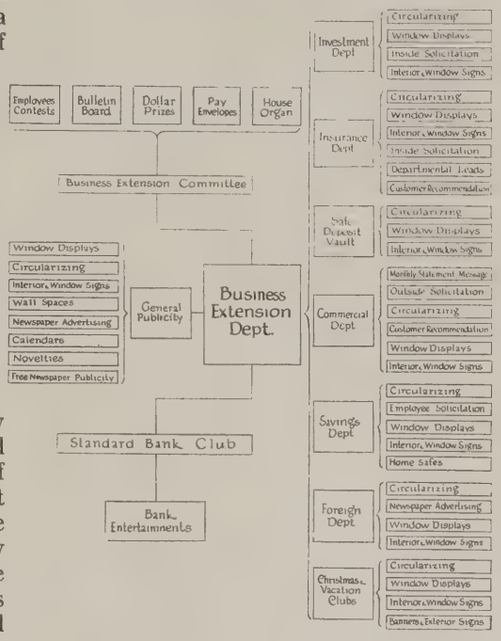
## A Sort of Perpetual Inventory of Present New Business Activities and the Possibilities for Future Development

*By* A. SCHWARTZ
Manager, Business Extension Department
The Standard Bank, New York City

I AM writing these lines on Saturday afternoon. The windows of my office open up on one of the busiest thoroughfares of the city. It is a mild day in spring and the Avenue is a solid stream of pedestrians—some of them shopping, others just strolling, most of them in their Sunday clothes and obviously well content. The fact that this is pay day and that the next thirty-six hours are all their own probably accounts for the universal satisfaction with life as reflected on the faces of the promenaders.

As a banker I should very much like to see part of this active stream diverted in the direction of the bank entrance, but I am face to face with some formidable competition. Look at the attractive displays in the show windows of the department stores and specialty shops. Take good note of the alluring announcements in front of the theaters and motion picture houses. Stop for a moment to study the tempting menu displayed in the window of one of these luxurious dining establishments, or if you would risk further enticement, glance for a moment into the inviting interior where immaculate waiters are hovering about the lordly guests. It is not easy to resist spending under such conditions, not at any rate for those who have eyes, ears and an imagination. Against such an array of seductive forces the mere exhortation to thrift will sound flat and empty—unless I can clothe my appeal in colors equally as alluring as the appeal of my neighbor. I must not merely preach thrift. I must picture the delights of saving, of economy, in hues that will rival those of the merchant or the showman.

It is the competition from this end—and not the competition from each other—that banks have to overcome. To devise ways and means of overcoming it is the prime function of the Business Extension Department. That is the central problem; everything else revolves around it. To attack the problem successfully requires time, effort, study. It takes more than a knowledge of how to write catchy advertisements or well-reading circular letters. It takes above all a knowledge of human nature and the ability to exploit that knowledge. And obviously it is a problem that cannot be attacked haphazardly; one must devote all of one's time to it; must, in fact, make a lifetime study of it.




It was more or less with these ideas in mind that the officers of our bank decided, about eighteen months ago, to add a Business Extension Department. It did not mean that our bank was about to embark on uncharted seas. No, we had been doing business extension work for years, until the magnitude of this work became so great that we felt it had to be brought under a single head, in other words to be centralized. The new department was created by necessity.

As results are more interesting than theory, I shall first give a brief summary of the first year's operation and shall then describe the manner in which this department launched its campaign.

On December 31, 1923, our Business Extension Department had been in existence for one year. On that day our deposits showed an increase of 33 per cent over those of December 31, 1922; the number of savings accounts showed an increase of 40 per cent; the number of commercial accounts 25 per cent; the number of safe deposit box rentals 28 per cent; the membership in our Christmas Club 40 per cent. All in all, we had good reason to feel gratified over the results obtained in the first twelve months.

Our Business Extension was of modest proportions to begin with—an executive and one assistant—and has maintained those proportions since. It began in an experimental mood and will continue to experiment for some time—in a sense, it will always have to experiment. It had no program to begin with; it had to find out from actual contact with the bank's depositors and prospective depositors what activities were most likely to react to the bank's benefit. It had to ascertain from the officers and department heads the sum and substance of their experience in dealing with the human factor in banking. It was able to formulate a program only after about one year of actual operation.

The chart of our work, reproduced herewith, is, at present, more of an ideal than an achievement. Many of the activities listed in this chart are being carried on intensively; others we hope to put into practice very soon. This chart represents an inventory of all the forces at our command for creating new business. And even as such it is not complete; we already have added several items which do not appear here.

To most progressive banks the activities herein listed are not new. Circularizing, newspaper advertising, calendars, novelties—every bank uses these. But I would like to linger for a few minutes on two or three of the activities mentioned in this chart, not that they are exactly unique but because they are not sufficiently widespread to make them a matter of common practice.

FIRST, a few words about *esprit de corps*. It was recognized from the very beginning that the Business Extension Department, to succeed, would have to have the unfailing co-operation of every stockholder, every officer and every employee of the bank. The co-operation of the officers was already there; the co-operation of the stockholders could be had for the asking; but to obtain the whole-hearted co-operation of the employees was a problem; and the kind of problem that every bank must solve satisfactorily before it can even hope effectively to carry out any plans for securing additional business. This cannot be emphasized too strongly. The men and women who come into

actual contact with the depositors are the ones who build up or destroy a bank's reputation. It takes a very large advertising appropriation to offset the harm done by three or four discourteous or indifferent employees.

As a first step to "sell" our bank to its employees we organized the Business Extension Committee, the personnel of which was made up of one representative from each department (in no case an officer). This committee is the point of contact between the Business Extension Department and the rest of the bank. Its functions are numerous. It acts in an advisory capacity to the Business Extension Department, and at its weekly meetings, at which the Business Extension manager presides, plans are discussed for widening the bank's activities. It supervises and stimulates interest in employees' contests. We have a system of dollar prizes for every idea put forward by an employee for increasing the bank's business or improving its service or office routine; in fact any idea to further the bank's interests is eligible for a prize. These ideas are laid by the employee before the representative on the committee from that department, and the meetings of the committee act as a clearing house for these various ideas.

It would be difficult to exaggerate the invaluable aid which the Business Extension Committee has rendered the Business Extension Department. It has furnished a clear conception of the problems that have been encountered by the various departments in their efforts to promote business and of the steps that have been taken to solve these problems. It has effectively carried home the message of the Business Extension Department to every employee of the bank. It has brought home to every employee a keen realization of what this department was trying to do, and how necessary it was for every member of the staff to co-operate to the fullest.

TO PROMOTE the spirit of friendliness, comradeship and helpfulness between employer and employee, the Standard Bank Club was organized about a year ago. All members of the staff are eligible for membership and 90 per cent have joined. Meetings are held once a month. The dues are nominal and the bank contributes monthly a sum equal to the dues collected. The activities are purely social. The two major events of the year are the annual dinner of stockholders, officers and employees held in the fall, and the annual picnic and boat ride held in the late spring or early summer. In addition, one or two dances or open meetings are held during the year.

All items of interest to employees, such as the standing and results in employees' competitions, awards of dollar prizes, announcements of forthcoming plans and contests and news pertaining to social events, are posted on the employees' bulletin board. Employees' pay envelopes are also used as a medium to convey timely messages about courtesy to depositors, co-operation with other employees, etc. Copies of whatever literature is issued by the bank are placed in the hands of every member of the staff. Employees are encouraged to learn not only all about their own work, but about the work of other departments as well—and are also importuned, and decidedly so, to speak whenever occasion permits, to the clients of their departments about the services offered by other departments. A large amount of valuable new business can be traced to these very departmental leads.

Among the general public, no single activity of the department has aroused such widespread interest and called forth such varied comments as our window display. We have two specially constructed show windows built forty inches from the ground and lighted by concealed reflectors. The lighting is regulated by a time switch that illuminates the windows automatically from dark until 11 p. m. Displays are changed at least once every ten days, sometimes every week, sometimes every three or four days.

The messages conveyed through these displays are varied in character. They are used to drive home in concrete form, the advantages of thrift, the advisability of following a budget, the desirability of a savings account, the protection of a safe deposit box, the convenience of a check account, the desirability of safe investments and the best way of sending money abroad. In addition to these bank service displays, we frequently place our show windows at the disposal of such industrial organizations as the New York-Edison Company, the Remington Typewriter Company, the Borden Milk Company, and the United States Printing and Lithograph Company, for purely educational displays. Whenever we have such displays we notify the teachers of the local schools so that they can advise their pupils to come around to see them.

Our show windows, which a year ago were an experiment, have today become one of our most reliable mediums for reaching the public, particularly that portion of the public which it is almost impossible to reach any other way—the chance passers-by. It is one of the few mediums whose results you can sit back and check. Twelve months ago we had no definite ideas of just how we were going to utilize our show windows; today we find that we do not have enough show window space for all we would like to exhibit, and consequently are going to convert two of our plate glass windows into additional show windows.

Every bank should include in its general publicity scheme some items particularly designed to reach schoolteachers and pupils, especially pupils. At the end of every school term we generally offer a prize—a ten dollar gold piece or equal value—to that member of the graduating class who submits the best essay on "Thrift," "School Banks" or some allied topic. These prizes are offered in each of the neighborhood schools and always arouse considerable interest and competition. The names of the winners together with the prize essays are prominently displayed in one of our show windows, and the opportunity to achieve local fame makes the boys and girls keen contestants for honors.

I AM a strong believer in outdoor advertising. While fully recognizing the value of other mediums of publicity, nothing to my mind makes such an impression on the average man as a good-sized, attractively painted wall or outdoor bulletin. We have painted a large number of outdoor walls in the immediate vicinity of the bank. We obtain the walls directly from the owners of the property, place the work in the hands of a good commercial painting company, furnish them with our copy, and they in turn furnish us —for our approval—with a colored sketch of every display drawn to scale, before they begin painting the wall. Our messages are brief, but effective. Due to the large number of walls used, we do not endeavor to incorporate more than one idea in any display.

I have endeavored in this brief space to touch only upon the salient features of the activities of our Business Extension Department. Much more could be said; in fact a good-sized pamphlet could be written on each and every subdivision mentioned in this chart. The activities of a properly conducted business extension department are so wide in scope, flow through so many channels, that unless we keep before us a perpetual inventory of the good will resources at our disposal, we are likely to neglect or overlook one or more methods for keeping on the right side of the public; or—what is almost as bad—we may fall into the error of devoting too much time to pushing one department to the detriment of the other departments. We drew up this chart not so much to show what we had done or were doing, but more to define clearly to ourselves what we were trying to accomplish. By means of this chart we are always able to check up our work so as to make sure that nothing is being overlooked that might broaden the bank's activities.



# "But what about the Protod-Greenbac?"

The discussion had shifted to "safety" check papers and the general advisability of check protection. Then the depositor shot his question at the vice-president: "But what about the Protod-Greenbac?"

And the banker told him—out of the fund of his own experience with the Todd System of Check Protection.

* * * * *

"The Protod-Greenbac Check is proof against counterfeiting, change of payee's name, date and number. These checks are printed or lithographed only to order, their construction so complex as to defy counterfeiting. They are as scientifically designed, and as handsome, as a government note. The paper itself is never sold in bulk. The complicated dot pattern if once removed cannot be replaced. And the first drop of the forger's acid causes the words "void" to flash upon the face of the check—nullifying it instantly.

"The business man who values his bank account and his peace of mind, who takes a justifiable pride in the checks that bear his name, will use Protod-Greenbac Anti-Fraud Checks. He will find, moreover, that the Todd Protectograph is a time saver and a positive protection of the *amount*, the vital spot at which the forger strikes first. The Protectograph shreds the amount in indelible ink in two colors into the very fibre of the paper. Here is a dependable guard against "pen changes"—the method preferred by professional check-raisers.

"Businesses which use one or both of these famous Todd products and which qualify as *Preferred Risks* can secure Standard Forgery Insurance at large discounts."

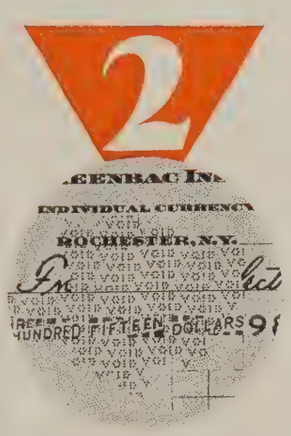
* * * * *

The banker had just begun to talk, but the depositor had made a decision—to see the Protod-Greenbac and the Protectograph.

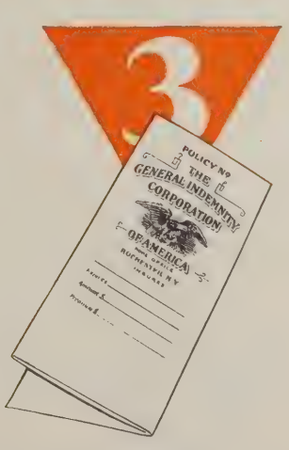
Use your letterhead in writing for detailed information on the Todd System. Todd Protectograph Co., Inc., (Established 1899) 1186 University Avenue, Rochester, N. Y.




*The Protectograph*, it is estimated, eliminates at least one-third of all check-frauds by preventing raised amounts.




*Protod-Greenbac* anti-fraud bank checks, with their self-cancelling VOIDS and the restrictions surrounding their sale, eliminate another one-third of possible check frauds by preventing change of payee's name, date and number, as well as "counterfeiting."




*Standard Forgery Bonds* cover the remaining check-fraud possibilities, namely, forgery of signature and forgery of endorsement, which no mechanical agency can prevent.

# TODD SYSTEM OF CHECK PROTECTION




# What 12,(



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Every Banker will understand how the Kardex principle of keeping vital facts in sight frees this compensation record from the danger of error and makes it a source of profit to the business man who uses it. In the same way other Kardex records insure accuracy in handling of materials as well as funds. You can be sure your customers' affairs are safely handled if their records are Kardexed.

© The Kardex Co., 1924.

THE KARDEX COMPANY
549 Kardex Park, Tonawanda, N.Y.

☐ Send Kardex Man.

☐ Send Booklet "19 Basic Records of Banking."

Name_____

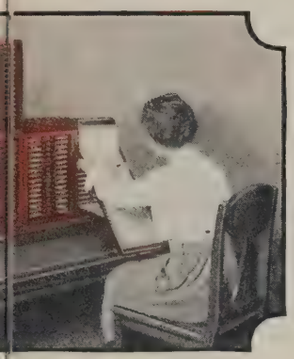
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W O R

# 0 Bankers Have Found in Kardex



ks use this Kardex signa-
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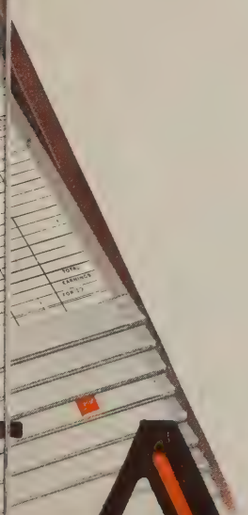
AS ONE who gives an accurate business service at a low cost of administration, the banker knows the necessity of efficient records.

Accuracy is the foundation of his whole training. The essence of his profession is the analysis of business situations from the facts on record.

Bankers everywhere have seized upon Kardex as the means for making records more accurate and more usable at a lower cost of upkeep. Over 12,000 Banks use Kardex for their own records and recommend to their customers the installation of Kardex records as a step toward better business management and improved earnings.

*Send for a Kardex Man*—he is a trained expert in business records—offers without obligation a service that is of the greatest importance to business. A Kardex staff is located in every important city of the world.

Phone his office in your city, or address The Kardex Company, 549 Kardex Park, Tonawanda, N. Y. In Canada—Kardex, 58 King Street West, Toronto. London, 3 Holborn Viaduct, E. C. 1. Paris, 24 rue de la Fidélité.



# ARDEX

D'S LEADING CARD RECORD



**The Book Grows With The Records**

Thus it eliminates frequent expense for new books.

Proudfit Loose Leaf Books, with their interchangeable backs, can be any size you wish.

There is no mechanism in the Proudfit Loose Leaf back. Its function is to protect.

For 16 years Proudfit has acted as expert consultant on loose leaf problems for leading industrial and commercial concerns of America.

**Proudfits mean Profits**

**Proudfit Loose Leaf Company**
17 Logan Street Grand Rapids, Mich.

**CHEER**
Puts Joy in Living
REG. U. S. PAT. OFF.

assembles under one banner the greatest masters of the day.

It is not built to imitate. It is essentially different! It is unlike anything that has gone before.

"Daring!"

is the way our most ardent supporters describe it.

For example, it was sixteen months in the building and the highest paid copy-writer in the world is the principal contributor.

Inform yourself completely about CHEER before you buy any Savings Promotion Plan.

P. M. REED
111 West Washington Street, Chicago

**No Reaching—Leaves Fingers Free Speeds the Work—Protects the Health**



Quickest, Handiest, Cleanest way for bookkeeping machine posting, handling papers, feeding presses. Consists of felt pad mounted on water reservoir which fits snugly in the hollow of palm. Made of nickel silver and will last for years. Sent postpaid for 75c each: 6 for $4: 12 for $7.20. Gold Plated, $2.50.




*Money back if not satisfied*

EVER READY FINGER MOISTENER CO.
1051 W. 7th Street St. Paul, Minn.

# The Compound Interest Column

*By* DON KNOWLTON

NOW THAT the bankers are all back from Montreal, we can have business as usual.

The banker who plays golf every afternoon either has so much business he doesn't have to worry about it—or so little.

Those were the good old days when the first desk past the mortgage loan window was the insurance desk, and the one after that the second mortgage and real estate company headquarters.

Alfonse and Gaston have nothing on the Price of Commodities and the Price of Labor. "After you ——"

The world has gone to the dogs. The vice-president who didn't believe in women bobbing their hair had to get a dictaphone. Who ever heard of a long-haired stenographer!

*A Study in Aesthetics*

Vice-President: Have the orchids been placed upon the directors' table?

Ass't Treasurer: Yes, sir.

Vice-President: And is the air-filter working and the sanitary ice-water at hand?

Ass't Treasurer: Absolutely.

Vice-President: Have the tapestries in the directors' room been cleaned, and are the ornamental shades for the low lights ready?

Ass't Treasurer: Everything is in proper shape for the meeting.

Vice-President: Ah! Now the directors may discuss, amid ideal surroundings, that proposed loan to the garbage works!

Why is it that the first man home is the latest to work?

Here's one on the Union Trust of Cleveland. A recent "libelous sheet," gotten out for the Cleveland Bond Club Picnic contained an ad from "The Union Radio and Amusement Co." Oh, well, even facetious advertising is better than none.—(*Adv.*)

*It Happened in the Individual Books*

The telephone rang—
"Bookkeeping"—
"Is Harry Smithers good for five thousand?"
"Who is this speaking?"
"First National."
"Wait a minute—yes, he's good for that—"
"Fine! Now that you've told me, this ain't the First National at all—this is the mother of the girl he proposed to last evening!"

Some men seem to think a checking account is a line of credit.

Many bank customers need no health or accident insurance. We mean the kind who write checks the evening before and cover them the next morning—they simply *must* be up and about!

Customer: "What does all this fine print in front of your pass book mean, anyhow?"

New Teller: "That doesn't mean anything—it just means that in case the bank should fail or anything, we wouldn't have to give you your money till ninety days after you needed it, that's all."

*Ballade of the Old V.-P.*

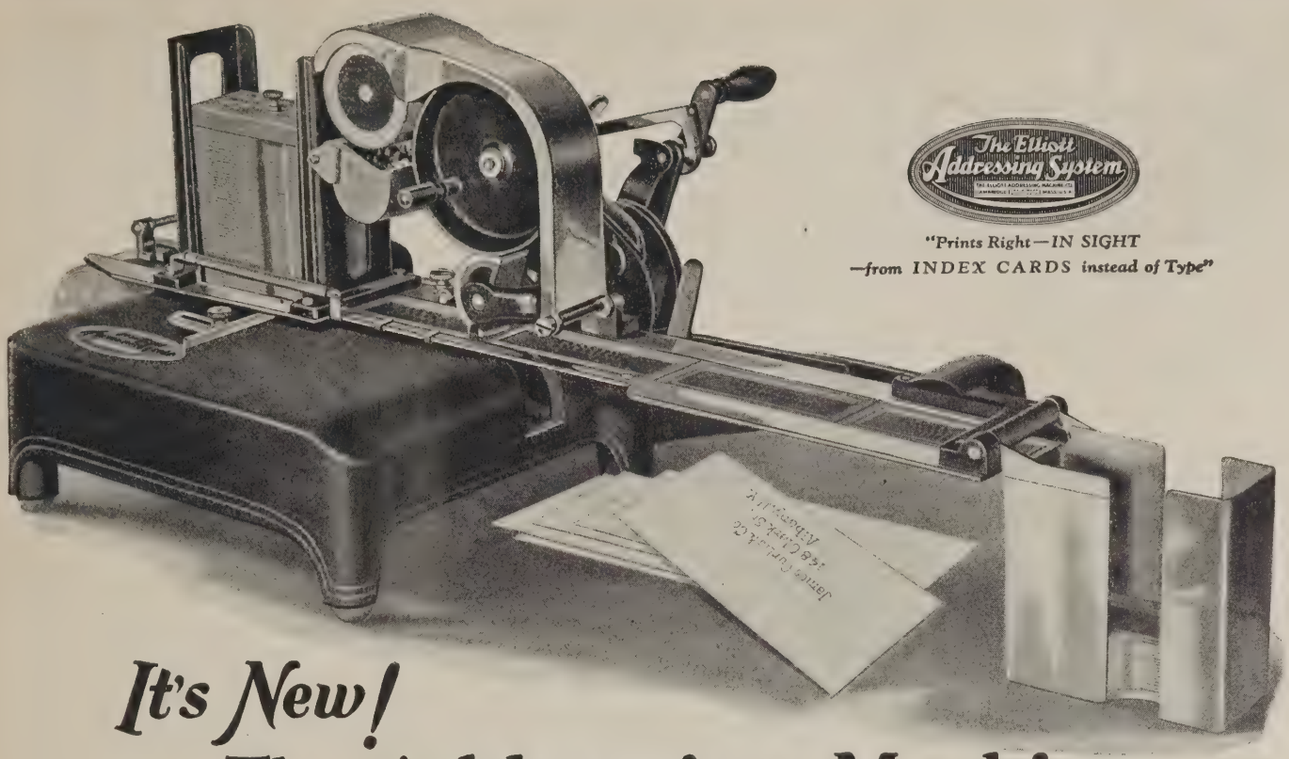
Wierd are the practices of today,
Queer are the quirks of the banking game—
What would the ancient V.-P.'s say,
If they could see all the stunts we frame?
Think how "the boss" would have viewed with shame
Some of the pranks of our modern ways—
See how we laud what we used to blame—
What has become of the ancient days?

Frozen the phiz of the old-time boss,
Frigid the mien that the V.-P. bore,
Even the cashier hard and cross—
My, what a change in our banking lore!
Desks set out on the lobby floor,
Making us ancients feel like "jays"—
Welcoming guards at every door—
What has become of the ancient days?

Advertising to spread our tale,
Right in the papers, in monstrous type—
Billboards, and booklets direct-by-mail,
Salesmen out hunting accounts to swipe—
Yet, let us smoke a peaceful pipe,
Giving the men of the past our praise—
Though a new sales campaign be ripe,
What has become of the ancient days?

*L'Envoi*

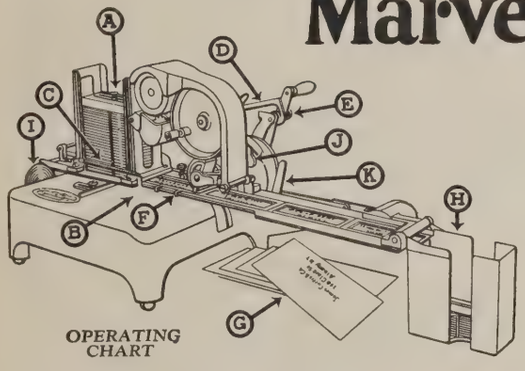
Well, no regrets! Though strange the way
Business is handled, or what the craze,
Why should we care, if it boosts our pay,
What has become of the ancient days!



The Elliott Addressing System

*"Prints Right—IN SIGHT —from INDEX CARDS instead of Type"*

# *It's New!* The Addressing Machine Marvel *of the* World




OPERATING CHART

**A**—Place stencilled Index Cards in this pile.

**B**—Insert forms to be addressed here.

**C**—Detach this Spring, and machine will print a DIFFERENT address at each turn of hand crank.

**D**—To REPEAT same address indefinitely, press this Lever *down* before turning hand crank. To CHANGE addresses, raise Lever *up*. To DUPLICATE addresses, *alternate* its position after each revolution.

**E**—To SKIP any address, pull out this Button and turn crank *anti-clockwise*.

**F**—Adjustable "Selector" Pointers indicate which addresses to skip, repeat, etc.

**G**—Addressed forms are automatically ejected here.

**H**—Stencils automatically run through machine and drop into this pile without losing original indexed order.

**I**—Roll of paper automatically feeds through machine when list of addresses in continuous TRANSCRIPT form is required.

**J**—Detachable wheel prints DATE (if desired) above or below each address, at same time address is printed.

**K**—Automatic COUNTER. Counts only addresses *printed*. Does not count addresses *skipped*.

NEVER BEFORE has there been offered a low priced Addressing Machine capable of *automatically* performing the VARIETY of operations accomplished by this newest of ELLIOTT products.—*Utility unlimited!*

At a speed of about 1500 per hour, this wonderful little machine—*although it costs less than a Typewriter* —will do *all* of the things listed at left;—*automatically* moving along and ejecting each addressed form and its corresponding address card—*right side up*—after each completed operation. All this exactly at operator's will—with no complication of adjustment or operation whatever. Simplicity itself! Accuracy absolute! *Just turn the hand-crank!*

Thus it no longer is necessary for Business Concerns, Banks and Public Service Corporations with moderately sized mailing lists to buy heavy, complicated, expensive equipment or do their addressing, statement heading, etc., *by hand.*

***WRITE us—AT ONCE—for full particulars concerning this wonderful little machine and "Index Cards that Print their own Addresses"***

## ELLIOTT ADDRESSING MACHINE CO.

**142 Albany Street, Cambridge, Massachusetts**

*Mechanical Addressing Systems for Every Kind and Size of Business* *Branch Offices and Agencies in All Parts of the Civilized World*

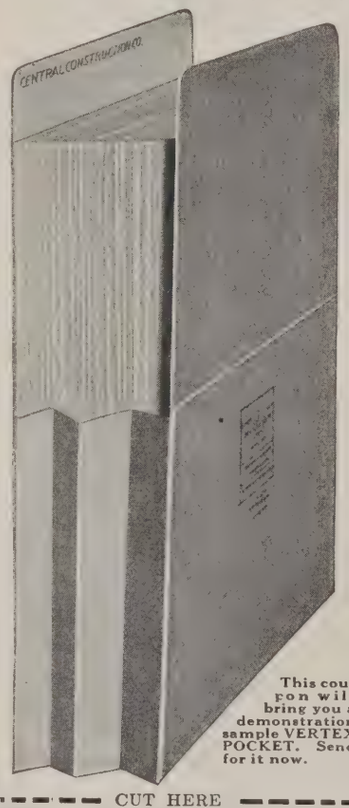
# Vertex

VERTICAL-EXPANDING

## FILE POCKETS

can be adapted to any filing system. No "changes" are necessary. Simply substitute a roomy, expanding VERTEX Pocket where you now have overcrowded bulging folders. The improvement is instantaneous—filing and finding become pleasant and accurate.

It is a filing rule that the folders carrying the most correspondence are the ones referred to most frequently and receive the hardest use. VERTEX Pockets, made of "Paperoid," a durable red-rope stock, sturdily withstand this constant handling and will outlast twenty ordinary manila folders. VERTEX Pockets never slide down in the files.




This coupon will bring you a demonstration sample VERTEX POCKET. Send for it now.

CUT HERE

Please send for examination and trial a free sample of BUSHNELL'S "VERTEX" Paperoid File Pocket, as described in October BURROUGHS CLEARING HOUSE.

Name of Firm _____

Address _____

Name of Person Inquiring _____

Letter size or Legal size desired? _____

If special size is required, send sample of sheet to be filed, and give width and height of drawer

To Alvah Bushnell Co., Dept. C,
933 Filbert Street Philadelphia, Pa.


## The Measure of a Birthday—Results

(Continued from page 18)

three-foot palms were set up at frequent intervals.

Occupying center stage was the exhibit. It was erected on a platform built above three tellers' cages in the rear center of the lobby and was the first thing that caught the eye on entering the bank. It was appropriately set off by decorative pillars, side and back drops. In it were cut-out figures of some of the achievements of the last twenty years—the automobile, the aeroplane, the dirigible balloon, the radio; there were some of Chicago's famous statues; there were models of the Municipal Pier, the new Field Museum, the Wrigley Building, the Strauss Building, and the proposed Tribune Tower; and there was Grant Park and Chicago's skyline. These were illuminated by concealed lights and in the foreground was Father Time showing Youth what had taken place during these "Twenty Years of Achievement." Occupying the central position and towering above the other figures was a cut-out model of the bank illuminated from the inside.

THAT these decorations and the exhibit "took" goes without saying, And throughout it all there was "selling copy," in the plaques and in the idea back of the exhibit. To bring still more of a festive touch to the celebration, an orchestra furnished music on the two evenings that the bank was open and on Saturday afternoon. And all employees and officers wore carnations and a lapel ribbon with the words "Twentieth Anniversary."

To appeal to people to come to a bank, to "their" bank, to make a deposit or open an account just to share in the bank's anniversary celebration and to receive an anniversary booklet and a souvenir that cost fifteen cents, was perhaps a daring move. But it "worked," for they came to the bank—10,000 of them—and without asking questions or wandering aimlessly, they fell into line and made their deposits. On Thursday and Saturday evenings there were eleven windows taking in savings deposits, with a line at each, when usually three windows would have been plenty. From the time the bank opened on Monday morning until it closed on Saturday night, there was hardly a time when there wasn't a line or lines in front of the receiving windows. And because a crowd begets more crowd, the success of the affair was assured.

Every person visiting the bank received as he entered, an anniversary booklet. This was a twelve-page, covered brochure that contained a short history of the district and the bank, pictures of each department, with the officer in charge and the employees, a short write-up of each department, and two pages devoted to the "men behind the bank,"—the directors. The method of distribution of the booklets was ideal, for they went into the hands of only those people who were interested enough to come to the bank. That they were carried home is evident in the fact that of the 25,000 distributed (children were omitted), not ten were thrown on the street or sidewalk.

The distribution of the souvenirs, a small "Buddy" note book, was handled through an "anniversary booth." This was erected on the second floor, where were located the Real Estate Loan, Christmas Savings and Trust Departments. Bringing the people up there was part of the plan to acquaint them with the whole bank. At the time a deposit was made or a new account was opened a coupon was given the customer which instructed him to present it at the anniversary booth on the second floor. Up there, when he received the souvenir, he got another slip that invited him to visit the third floor, as the whole bank was open for inspection. That the bank was a great, busy, three-story affair, was the idea we sought to convey. Duplication of souvenirs was prevented by furnishing all tellers with blue stamp pads, in contrast with the usual red, so that they could tell at a glance, when entering a deposit, if another had already been made that week.

That the advertising was read, there was abundant proof in the results obtained. The campaign consisted of a barrage of three newspaper advertisements in the local English and foreign newspapers, window displays before and during the week, moving picture film trailers in a large theater, a small folder mailed to the savings depositors of the bank, a large broadside mailed to the other customers of the bank and distributed house-to-house throughout the bank's entire territory, and a final last minute reminder distributed house-to-house, as was the large broadside, on the Monday of the week itself.

IT IS worth noting here that the 45,000 broadsides 16 x 20 inches in size, the 30,000 small folders 6 x 12 inches in size, the 30,000 twelve-page anniversary booklets 6 x 8 inches in size, and the 30,000 (15,000 of each) coupons and slips were all printed at one time with no waste stock on a 38 x 50-inch sheet. The job was in two colors and a 15,000 run was made with the broadsides "three on," the anniversary booklets "two on," the small folders "two on" and the coupons "one on." The cover for the anniversary booklet was of course printed separately, but running the other items

(Continued on page 34)

# A good time for banks to review their bond holdings

A PERIOD of active demand for bonds is an opportune time for banks to review and perhaps rearrange the structure of their bond investments; the price level enables sales to be made to advantage.

In course of time a bank's bond investments are likely to lose that balanced structure which is so desirable and to need revamping. In this connection we can render a substantial service to banks; it is an important part of our business.

Whatever your preference, you can find the kind or type of bond suitable for your bank in the widely diversified list of our offerings. These represent issues of our own underwriting; we have a thorough, first-hand knowledge of them.

It will cost you nothing to obtain from us a careful review of your holdings and, if needed, a suggested plan for changes. You are welcome to this service whether you purchase bonds of us or not.

***The following issues are representative of our offerings:***

SHORT TERM

| NAME OF ISSUE | MATURITY |
|---|---|
| Central Indiana Power Company 7% Collateral Gold Notes | 3/1/1927 |
| Cohoes Power & Light Corporation First Mortgage 6% Gold Bonds | 1/1/1929 |
| Empire Gas & Fuel Company (Delaware) First & Ref. Con. 3-Year 7% Gold Bonds, Ser. B | 5/1/1926 |
| Government of the Argentine Nation 7% Gold Bonds | 2/1/1927 |
| Government of Switzerland 5½% Gold Bonds | 8/1/1929 |
| Monongahela West Penn Public Service Co. First Lien & Ref. Con. 6% Gold Bonds, Series A | 2/1/1928 |
| Morris & Company 7½% 10-Year Sinking Fund Gold Notes. | 9/1/1930 |
| Ohio & Northern Gas Company Guaranteed 3-Yr. 7% Sec. Gold Notes, Ser. A | 11/1/1925 |
| Peoples Gas Light & Coke Co. (Chicago) 3-Year 6% Secured Gold Notes, Series A. | 3/1/1927 |
| Pressed Steel Car Company 5% Convertible Gold Bonds | 1/1/1933 |
| Pure Oil Company 6½% Sinking Fund Gold Notes, Series A. | 6/1/1933 |
| Vermont Hydro-Electric Corporation First Mortgage 6% Gold Bonds, Series A. | 10/1/1929 |
| West Penn Company 3-Year 6% Gold Debentures | 6/15/1925 |

LONG TERM

| NAME OF ISSUE | MATURITY |
|---|---|
| Armour & Company of Delaware First Mtge. 20-Year 5½% Guar. Gold Bonds, Series A | 1/1/1943 |
| Commonwealth Edison Company First Mortgage 5% Gold Bonds | 6/1/1943 |
| Cudahy Packing Company First Mortgage 5% Gold Bonds | 12/1/1946 |
| Detroit City Gas Company First Mortgage 6% Gold Bonds, Series A | 7/1/1947 |
| Illinois Power & Light Corporation First and Ref. Mtge. 6% Gold Bonds, Ser. A | 4/1/1953 |
| Kansas City Power & Light Company First Mtge. 30-Yr. 5% Gold Bonds, Ser. A | 9/1/1952 |
| Metropolitan Edison Company First & Ref. Mtge. 6% Gold Bonds, Ser. B | 2/1/1952 |
| Northern Indiana Gas & Electric Company First Lien and Ref. Mtge. 6% Gold Bonds | 5/1/1952 |
| Public Service Company of Colorado First Mtge. and Ref. 6% Gold Bonds, Ser. A | 9/1/1953 |
| Public Service Company of Northern Illinois First Lien and Ref. Mtge. 5½% Gold Bonds, Series A | 6/1/1962 |
| The Laclede Gas Light Co. (St. Louis, Mo.) First Mtge. Coll. & Ref. 30-Yr. 5½% Gold Bonds, Series C | 2/1/1953 |
| West Penn Power Company First Mortgage 5% Gold Bonds, Series A | 3/1/1946 |

*Current quotations and circulars completely descriptive of any of the above will be supplied upon request*

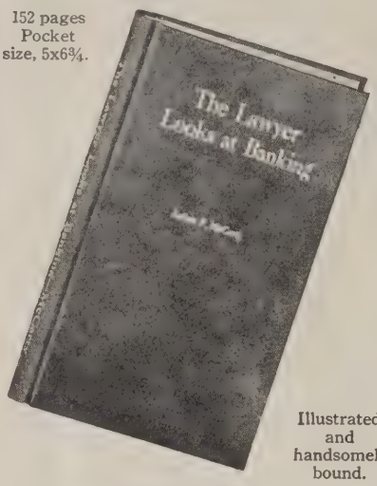
## HALSEY, STUART & CO.

INCORPORATED

| | | | |
|---|---|---|---|
| CHICAGO<br>201 S. La Salle St. | NEW YORK<br>14 Wall St. | PHILADELPHIA<br>100 South Broad St. | BOSTON<br>82 Devonshire St. |
| DETROIT<br>601 Griswold St. | MILWAUKEE<br>425 E. Water St. | ST. LOUIS<br>319 N. 4th St. | MINNEAPOLIS<br>610 Second Ave., S. |

# A Dependable Guide for every Banker!

152 pages
Pocket
size, 5x6¾.




Illustrated
and
handsomely
bound.

**$2** PER COPY, POST PAID IN U. S. A.

Why not give every member of your bank's staff an opportunity to read this dependable banking law book?

The author, Arthur F. McCarty, who is himself an experienced bank attorney, has taken the ordinary banking transactions and in a story interesting and readable, has set forth the *legal facts* surrounding the work performed by your tellers, your clerks, and your officers too, in their daily duties.

One bank we know could have saved nearly $2,500 had its staff known *one* banking law decision set forth in this handy, pocket-size volume.

Send for copies of this book today, and have your bank staff read "*The Lawyer Looks at Banking*" from cover to cover.

**Bankers Publishing Company**

Financial Advertising Agency
402 Toledo Factories Bldg.,
Toledo, Ohio, U. S. A.

"THE BOOK OF THRIFT"
By
T. D. MacGregor

**$1.62,** POST PAID IN U. S. A.

This book, now in its fourth edition, will help you "sell thrift" to your customers. It will furnish the ideas, slogans and thoughts for your own advertising. Written by the "dean of financial advertising" in America.

Send us your order for "The Book of Thrift" today!

**Bankers Publishing Company,**
402 Toledo Factories Bldg.,
Toledo, Ohio, U. S. A.


(Continued from page 32)

all together resulted in a huge saving.

Realizing that many of the benefits of a big celebration such as this would be lost if some steps weren't taken to bring additional *direct* results, the committee in charge planned a stockholders' and employees' contest to start with the week itself and to run for a period of six weeks. Since no national advertiser would plan a great advertising campaign without backing it up with dealers to push the product or salesmen to sell it, we wisely applied the same principle of merchandising to the business of banking.

The Peoples Stock Yards State Bank had on three previous occasions staged employees' contests, all of which had produced fine results. But it had never enlisted the help of the stockholders of the bank and it was with some trepidation that ten representative, active stockholders were invited to talk over the idea. Only a few minutes of discussion were necessary to show that a successful contest for stockholders was possible, and consequently a twentieth anniversary stockholders' banquet was planned to launch the drive.

It is hardly necessary to go into the details of these two drives for new business. They were planned along lines found successful by hundreds of other banks. The employees were paid for new business secured, the stockholders were not. A grand total of $1,204,413.71 in new business was reached during the six weeks' contest. Eighty per cent of the total was obtained by the stockholders and officers, and 20 per cent by the bank's eighty-five employees. The new business secured consisted of savings and commercial accounts, safe deposit customers (credited at $50 a box), the sale of first mortgages and bonds, and trust business (credited at one-tenth of the value of the trust created). These results were in addition to the new business obtained during Anniversary Week.

SO MUCH for direct results. With any such affair it is natural that a vast amount of free publicity should be forthcoming. For several weeks before, during and following Anniversary Week, the local English and foreign dailies and weeklies, as well as the six metropolitan newspapers, carried news items, articles and photographs. A total of nearly two columns appeared in the metropolitan papers, while literally pages of free publicity were contributed by the local papers.

It is impossible to estimate the value of this publicity. It is just as hard to gauge the benefits that will accrue as a result of the advertising campaign staged to sell Anniversary Week, and incidentally the bank itself, to the 250,000 inhabitants of the bank's trade territory. It is not even possible to say that the actual results are those that the week and the stockholders' and employees' contests brought in—for the bank's relations with those new customers have only begun. On these points the writer of this article will not venture an opinion. But he will say that the "shot gun" methods of securing new business—the mass appeal and the campaign system—should always have a large part in the new-business-getting plans of the modern bank.

## Your Balance With Depository Banks

(Continued from page 7)

one of its profitable up-state correspondents. This up-state bank had a foreign-born depositor whose wife and children were coming to America in the steerage. He had worked several years to bring them over, and couldn't afford to meet them in New York. So he consulted a teller at the bank, where he had a small balance, and the teller spoke to the cashier, who wrote the New York bank the circumstances. Undoubtedly, you would have done just what the New York organization did—met the immigrants at Ellis Island, saw them through, bought them a lunch, and put them on the right train.

REQUESTS for making reservations and the purchasing of tickets or merchandise are everyday affairs, ranging all the way from train, theater and baseball tickets up to the request of a Corn Belt banker last spring for two tickets to the National Democratic Convention. Evidently he thought this a simple chore for his New York bank, which could easily get them, being on the spot. He was told that they would cost near $100 apiece!

These non-banking chores would be more correctly called "courtesies" than service, but center city banks have built up a reputation for willingness to perform them, and now that expenses must be watched more closely, are trying to let correspondent banks understand that they cost money, time and often trouble. Where to draw the line and say, "No—sorry, but we can't do it" is a problem. Generally, the bank manages to accommodate its correspondents somehow, and charge the expense up to good will. The foreign-born workman in up-state New York will never forget how a bank met and welcomed his family to the United States. He will tell his neighbors, and the up state bank gets the credit, and its officers feel, if not grateful to the New York bank, then confident that it will do an occasional chore like that efficiently. And the correspondent whose mother-in-law was met by a

(Continued on page 36)



ONLY PACKARD CAN BUILD A PACKARD

# The Packard Owner Knows

*Packard Six and Packard Eight both furnished in ten body types, open and enclosed. Packard's extremely liberal time-payment plan makes possible the immediate enjoyment of a Packard—purchasing out of income instead of capital*

The Packard owner knows that it costs no more to wash and polish a Packard than an ordinary car,

no more to garage one

and less to insure one;

that he is getting more miles to the gallon of gasoline;

more miles to the gallon of oil;

more miles to the set of tires;

and that the standardized charges for adjustments and repairs are the lowest he has ever experienced.

ASK THE MAN WHO OWNS ONE

# Postage *vs.* Interest

What a change there would be in the routing of bank mail if the rate of postage were based upon the elapsed time between the date of posting and the delivery of the contents at the final destination!

Yet the cost of postage is negligible compared with the loss of interest on collections permitted to waste nights in post offices and days in bank mail racks.

Collections with documents attached sent to us are forwarded direct within two hours whether received by day or night.

THE
PHILADELPHIA
NATIONAL
BANK

Capital, Surplus and Profits $16,800,000



**The American Beauty Line—**

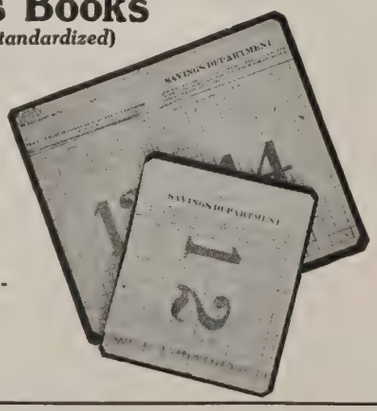
**Savings Pass Books** *(Standardized)*



Three Sizes
Six Styles of Binding
Sixteen Pages including two pages of Standard Rules
White or Safety paper Fillers, safeguarded by skeleton page numbers. Lithographed Ruling
Patented Cut Head
Patented Name Panel
Inside leaves cut off
Jackets for all sizes

Sold thru Dealers. Ask your Stationer, or, write us for sample.

The American Beauty Pass Book & Cover Co.
Dallas, Texas







(Continued from page 34)

representative from his New York bank will probably be more charitable when its representatives call to show why his balance isn't profitable. Such courtesies figure definitely in the reputation of the bank, but cannot properly be subjected to cost analysis.

An inland bank was turned into a trust company just before a local business show opened in its town. Having a booth at the show, and being the only trust company in the community, it was desired to use something in the way of printed literature explaining trust service. The president wired his Chicago correspondent bank, asking if there wasn't something in its own array of advertising pamphlets that could be borrowed—a booklet, maybe, that would answer if its cover were removed and a new trust company cover put on instead. Nothing suitable could be found in the Chicago bank's advertising material, so the advertising manager sat down after lunch and wrote a special folder. It was only four pages, to be sure, but he took half the afternoon preparing the text, which was then submitted to men in the banking organization for correction and criticism, and, upon approval, hurried to the printer's and set in type. He waited until late that evening to read proof at the printing office, and next morning the folder was in the mail on its way to the new trust company. The latter paid the printing bill, but the writing was a courtesy, extended by one member of the Chicago organization who neglected his own work meanwhile.

Some of the special services rendered correspondent banks, while not strictly of a banking character, are nevertheless things that the center bank can properly do for its country correspondent.

AS AN example, certain forms of special service have grown up around shipping documents. A Kansas farmer sends a carload of potatoes to St. Louis accompanied by bill of lading and draft on the consignee. It is strictly a bank job to collect that draft and turn over the bill of lading. But the St. Louis market is full of potatoes, they are cheap, the consignee rejects the shipment for some technical reason, true or false. The bank advises its Kansas correspondent, who consults with the farmer, and as an upshot, a St. Louis bank man has to find a customer for a carload of perishable foodstuff. Which seems to be outside the regular routine of banking, yet it is a service that more than one big depository bank now renders to its correspondents.

Naturally, it costs money to detail a man thoroughly familiar with transportation technicalities to sell that car. But it means great saving to the shipper, and a service by his local bank

(Continued on page 38)

# DON'T *SAY* IT!! *WRITE* IT!!

## Your Depositors' Balances are Sacred! Overdrafts are Very Expensive! And are Usually Due to Misunderstandings!

EMBARRASSMENT OF DEPOSITORS AND INVOLUNTARY OVERDRAFTS ELIMINATED BY OUR WRITTEN COMMUNICATION SYSTEM

## *BECAUSE—*

### *In Your Bank—*

The Telautograph will safeguard you against carelessness and misunderstandings in communication, therefore ELIMINATE most of the OVERDRAFTS in your bank.

The Telautograph record of a transaction where overdraft results is valuable for placing responsibility.

The Telautograph will end carelessness on the part of your employees because the bookkeepers and tellers are more careful when they write than when they use the telephone.

The teller will find it much easier to obtain information he requires before paying out money, because, as he can secure full information regarding a customer in less than one minute he will be less inclined to take chances.

And the beauty of the system is that it is *strictly private.* The depositor will not know that his account is investigated thoroughly each time he calls at the teller's window because the system is so rapid, silent and accurate.

* * * *

*The American State Bank, Detroit, says:* "Errors are impossible with the Telautograph. It is also to be considered that with the Telautograph there is no audible conversation which might lead to possible embarrassment for people at the window."

*The Guardian Savings & Trust Co., Cleveland, says:* "The Telautograph assures greater accuracy than any other method and by it responsibility can be readily traced because the paper shows the handwriting of the teller or the bookkeeper answerable for the inaccuracy."

*Mississippi Valley Trust Company, St. Louis, says:* "Telautograph equipment is doing absolutely everything that is required of it. Checking up a depositor's account is nothing more than a matter of a few seconds."

*Franklin Trust Co., Philadelphia, says:* "The Telautograph enables us in a quiet, efficient and secret manner to obtain information on our depositor's accounts, and always without causing embarrassment to the client who would, no doubt, resent having his account questioned by telephone."

*The Buckeye State Building & Loan Co., Columbus, says:* "We can heartily recommend your service in any business where it is necessary to transmit figures from one department to another."

## Each Station Will Cost *You* 28 Cents Per Day—*Free* Maintenance

SHALL WE SEND OUR BOOKLET—OUR MAN—OR BOTH? NO OBLIGATION—EVER!

## TELAUTOGRAPH CORPORATION, 448 West 37th St., New York

*Serving Banks Since 1902*



*Van Dorn Installation in Workingman's Savings Bank & Trust Co., Pittsburgh, Pa.*
*Simons, Brittain & English, Architects*

# THE BANK'S "TOOLS"

Like any good workman, the banker needs good "tools;" the right things to "do" with make his work faster, more accurate and pleasant. Van Dorn builds bank equipment that is both practical and beautiful.

The illustration shows some of the Van Dorn work in the Workingman's Savings Bank & Trust Co. of Pittsburgh, Pa. It includes counters, cash drawers, cages, desks, letter files, etc. If you are considering alterations or new quarters, let us send Van Dorn catalogs.

THE VAN DORN IRON WORKS COMPANY
CLEVELAND, OHIO

BRANCHES: Cleveland New York Chicago Philadelphia Washington Pittsburgh

Van Dorn
MASTERCRAFTSMANSHIP IN STEEL

*In writing to advertisers please mention The Burroughs Clearing House*

(Continued from page 36)

that he will not soon forget. Such service has come to stay. But who is going to pay for it?

One of the alternatives taken into account by the center bankers, in putting out-of-town business on a profit basis, is making a concrete charge for services like this, based on cost—a charge entirely separate from the out-of-town banker's balance, and the regular services for which it is supposed to pay, such as drafts or the collection of checks and bond coupons.

Mr. Out-of-Town Banker's balance may be only $1,000 but it is profitable because he does only a small draft business and keeps the balance up. Suppose, however, he is fastidious about his draft form, and wants it engraved, with a picture of his bank building, or the Statue of Liberty, or something else typifying his institution. It may cost forty or fifty dollars to do the job. Before account analysis, the center bank did it gladly, as part of its service, but today there is a disposition to charge for such forms.

Again, take credit information, which has become an important side line with many a center bank. If he wants the rating of a distant concern to which one of his depositors can sell a bill of goods, he must turn to a credit agency or his center bank. The latter frequently does a respectable credit agency business along this line. It isn't paid for by the average balance.

Quite a little routine service that the country banker got from his center correspondents is now rendered by the Federal Reserve banks. They have become competitors of the center bank in the collecting of checks and other routine work. The center bank is called upon to do practically as much work, while correspondent bank balances have been reduced by reserves required to be carried by law in the Federal Reserve system.

BUT the center banker is finding ways to lighten his load by diverting business through the Federal Reserve system. If account analysis shows that the correspondent is drawing in the same mail against checks sent for collection, he may be persuaded to put them through his Federal Reserve Bank instead, in which case he cannot draw against deposits until sufficient time has elapsed to make collection. Of course, it isn't easy to step into a country bank that has been doing business with your institution for ten or fifteen years and win its officers over to the policy of making collections through Uncle Sam, particularly if the country bankers have some ingrained grudge against the Federal Reserve system, such as the grievance over par collection of checks. But it can be done. It is being done. And when

(Continued on page 40)

# SO MANY TRAVELERS—
## 'Cheque' Everything Except Their Money and Themselves. *Why?*

SEVENTY-FIVE per cent of the hundreds of thousands of travelers in this country assume needless risks with their traveling funds and suffer personal inconveniences simply ***because they do not know*** the money-protection and personal service value of American Express Travelers Cheques.

If there is any doubt about this statement watch the crowd at any railroad ticket window. Note the display of loose money, loosely carried in pockets, wide-open to even the clumsiest of light fingers.

On a Pullman recently a traveler ***carefully*** folded his trousers to preserve the creases and ***carefully*** placed them on the shelf. $125 in bills was in the hip pocket. In the morning only the trousers, ***carefully*** creased, remained.

A careful man on a week-end trip with his family in his car was held up when barely out of town and relieved of his machine and his money. He is driving a new car now, bought with the insurance on his old one; but his uninsured money, which happened to be quite a sum, is gone forever. The incident, however, taught him the value of Travelers Cheques.

Two traveling men on their way to a hotel boarded a crowded street car. Pickpockets relieved them of their rolls even before they had a chance to pay their fare. They also, now, believe in Travelers Cheques.

The pity of this ignorance about the value of American Express Travelers Cheques for domestic use is that it needs some such personal experience as these to establish the fact that even ***your*** money is just as easy picking as another's.

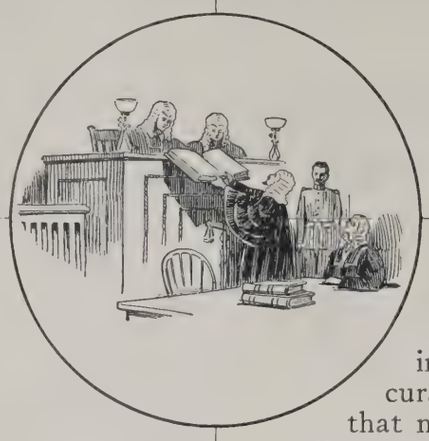
For use abroad American Express Travelers Cheques have long been the dominating demand of travelers. ***For use in the United States there still remains a practically unlimited field.*** Fortunately, for the traveler, this field is being rapidly appropriated by the leading banks of the country as a means of serving their patrons.

In the protection of financial paper the American Express Company is constantly alert. 57 arrests of criminals for stealing or tampering with American Express paper have been made this year in the United States and 35 in Europe.

# American Express Co.

***65 Broadway, New York***

OFFICES IN ALL THE PRINCIPAL CITIES



# Evidence

Modern machine bookkeeping methods are undoubtedly the last word in speed, efficiency and accuracy—but it is our belief that no bookkeeping system is really complete unless it has at least ONE bound book in it—a book where tampering must reveal itself—a book, in short, that will serve as indisputable evidence in any court!

For nearly four generations, this company has been manufacturing blank books and other bookkeeping forms and equipment. Many of the improved methods now in use are creations of Mann experts. And just as you would expect, Mann Blank Books and Loose-Leaf Ledgers are as fine in quality, as excellent in workmanship and as convenient in arrangement as can be produced!

*Mann Service includes the making of any standard or special forms for every type of machine bookkeeping; it includes the manufacture of stock blank books and loose-leaf ledgers as well as the production of custom work where this is required. Our bindery and ruling departments are among the oldest in our factory; most of the employees in these departments have been with us a score of years or more; all are experts of the sort to whom each job is a matter of personal pride—which explains why so many important municipal, commercial and financial institutions keep their records on Mann-made blank books.*

Mann products are sold only through Mann salesmen—never in any retail stores save our own in Philadelphia. Our salesmen cover virtually the entire country. One will gladly call on you on request. Send for our folder on Mann Blank Books and Loose-Leaf Ledgers.

Mann-made Products include

*Blank Books*
Bound and Loose Leaf
*Lithography*
*Printing*
*Engraving*
*Office and Bank Supplies*

Write for descriptive folders about

*Manco Safety Paper*
*Manco Check Books*
*Mantint Safety Checks*
*Mann Machine Bookkeeping Equipment*

WILLIAM MANN COMPANY
529 MARKET STREET
PHILADELPHIA, PENNA.
Established 1848

*New York Office:* 261 Broadway
*Paper Mills:* Lambertville, N. J.


(Continued from page 38)

the country banker deals with a government institution he obeys the regulations without resentment, whereas in dealing with his center bank he expects certain courtesies and allowances. It's about the difference between paying a bill from a business house or arrears of income tax. A bill can wait a few days, but when Uncle Sam notifies you after two or three years that you owe him more taxes, and gives you ten days to pay—you pay!

"The other night," said a Wall Street bank officer, summarizing the situation, "I was invited to talk before a local bankers' organization in a near-by town on the subject of account analysis from the standpoint of the relation between the local banker and his own depositors. Next day, in my own work here, it became necessary to call up the president of that organization, one of our correspondents, and tell him his balance was unprofitable.

" 'Say, you came down here to tell us about account analysis,' he replied, 'but I guess you learned more about us than we learned from you!'

"Account analysis isn't all accounting. There is a human situation, too, whether you analyze depositors or correspondent banks. Just as the depositor resents being told that his business is unprofitable, unless it is done very tactfully, so the correspondent banker bristles up unless the whole situation is laid frankly before him. But just as the depositor seldom knows just how much banking service he is using, because he has never seen an analysis, so the country banker seldom realizes what the center banks are doing for him, and particularly how many new forms of service have been devised. In the period of prosperity centering around 1920, with money in good demand at high rates, the center banks bid for balances by doing more and more for their correspondents. High interest rates led many business concerns to liquidate their inventories and put their money in the bank to earn interest, instead of buying more merchandise or materials. That led to liquidation of commercial paper, and eventually to the easy money and low interest rates today. Balances do not earn as much as they did three or four years ago, but the demand for service is just as great, and the cost of service has risen. Obviously, the center banks must put correspondent business on a new basis, or curtail their service. The correspondent banker needs practically all the service he has been getting. Measured by other prices, it is not costly. The center bank's profit is slender. When the correspondent banker with cost problems of his own has the facts candidly laid before him, he is seldom unwilling to pay for what he gets."

## Enter, the Banking "Service Station"

(Continued from page 9)

to the level of the applicant's comprehension, and wholly devoid of sales effort, is a feature. Information not usually available is looked up and supplied, not in an allotted space of time, but in just as many minutes or hours as are necessary to get it all, not a fragment left behind.

Likewise painstaking is that division of the service that specializes in trust information. As willingly as for a single investment, the station will investigate the facts affecting a list of securities covering five foolscap pages, though it involve looking up the inheritance tax laws of all states to determine their bearing on the securities in question. Counsel is given on such subjects as increasing yield by exchange of securities, reducing tax levies on large and complicated holdings, and on all subjects related to wills, estates, guardianships, and the various forms of trust.

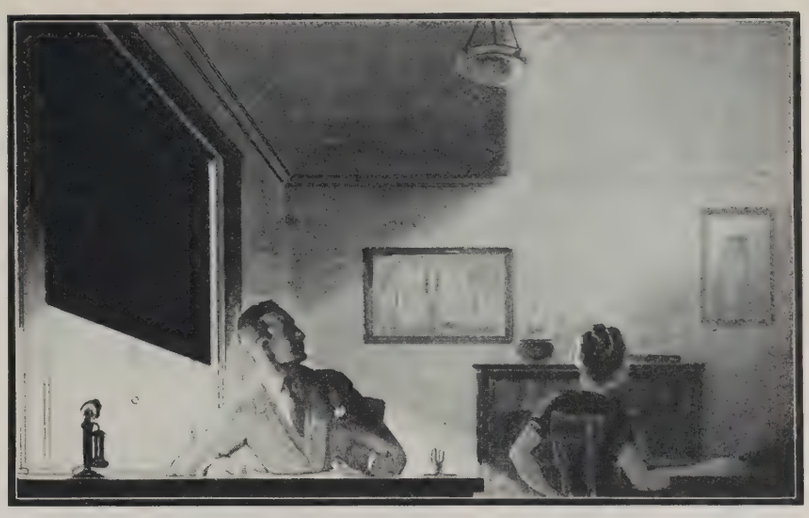
One of the innovations bearing direct relationship to the Service Station is the exchange of Federal Profit Sharing certificates by the Continental and Commercial Trust and Savings Bank. These certificates originally are mailed with the electric light bills by the Commonwealth Edison Company to the people of Chicago. They are exchangeable at the bank for coupons which have a merchandise value. On the back of each coupon appears an advertisement of the Service Station, concluding with an offer of a home budget book and a work sheet—free.

Over 1,200 persons come to the bank daily to exchange their certificates and hundreds stop to ask about the functions of the Service Station.

*Service Station News* is the name of an eight-page newspaper mailed monthly to anyone who supplies his name and address. The paper is devoted to the general subjects of home economics and profitable living. It carries articles on home furnishing and decorating, suggesting themes of decoration, the kind of furniture and fixtures, and their costs. It prints articles of interest to the housewife ranging from common subjects of the kitchen to the management of the family income. It discusses food, food values, food prices, clothing for every member of the family.

The first number of the paper was distributed by hand to persons who came into the bank. The back page was provided with a triangular coupon imprinted to the effect that the paper would be sent regularly, without cost, to all persons returning the coupon.

That was the beginning of the mailing list. With the third number the *Service Station News* attained a circulation of more than 55,000 copies.

# Avoid This Shadow

## It Darkens Your Bank

TRY this experiment: lower the window shade (if your bank is not equipped with Western Venetian Blinds) and watch the shadow travel across the ceiling. See how it throws a veil of darkness over the ceiling, thus lessening its light reflecting value.

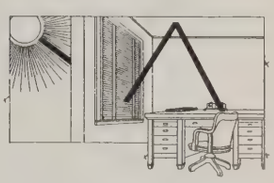
How illogical!—to paint ceilings light in color for the sole purpose of reflecting light, and then to equip windows with shades that cloud them with the shadow of darkness.

Now glance at the window. Note the wasted lighting area that is totally obstructed by the window shade. Obviously, ordinary window shades interfere with rather than aid proper lighting.

With Western Venetian Blinds these disadvantages are overcome. The shadow on the ceiling is eliminated and all window area is utilized for lighting purposes. This is accomplished because these modern blinds are specially designed to render a scientific daylighting service. Each ray of light strikes the adjustable slats and is reflected to the ceiling, where it is again reflected and diffused. Soft, restful daylight is thus evenly distributed throughout the entire room, even lighting the former dark corners.

In short, Western Venetian Blinds offer a remarkable service; and because they replace both awnings and shades and are guaranteed for 20 years with only negligible repairs required, they are more economical than any window equipment obtainable.

Mail the coupon now for free catalog.



*Note this Scientific Method of Lighting*

*Western Venetian Blinds utilize 100% of window area for lighting purposes. Distribution of daylight is accomplished by reflection, thus eliminating glare and providing perfect light for every part of the bank.*




## Western Blind & Screen Co.

*General Offices:* Los Angeles, Calif.
*Factories:* Los Angeles and Kansas City

*BRANCH OFFICES:*

Chicago, Ill., Hearst Square Bldg. — Kansas City, Mo., 14th and Montgall
Seattle, Wash., 1425 Fifth Avenue — Portland, Ore., 213 Fitzpatrick Bldg.
Atlanta, Ga., 803 Flatiron Bldg. — San Francisco, Cal., 921 Hearst Bldg.
New York, N. Y., 41 E. 42nd St., 310 Liggett Bldg.

*TEXAS AGENTS:*

Two Republics Sales Service, 523 Hicks Bldg., San Antonio
218 Southwestern Life Bldg., Dallas — 401 2nd Nat'l Bank Bldg., Houston

Western Blind & Screen Co.
2703 Long Beach Ave.
Los Angeles, Calif.

Gentlemen: Please send me, without obligation, your 50-page illustrated catalog, "Indirect Daylight For Banking Rooms."

Name _____

Address _____

B 10-24

# Western Venetian Blinds

**MORE LIGHT~MORE AIR~LESS GLARE**



# *How INDEX VISIBLE Pays Dividends in Customer Satisfaction*

FOUR years ago, the Navy Savings Bank of Brooklyn, N. Y. decided to break away from the old card in box method of indexing accounts.

They required a visible card record that could be easily expanded to a hundred thousand names; whose visibility would enable the eye to locate instantly any desired card; and whose flexibility would permit cards to be easily inserted or withdrawn at any place, preserving a strict alphabetical sequence. After careful investigation, INDEX VISIBLE was selected.

Speaking of their experience with the installation, Mr. R. C. Shepherd, President, says:

*"Identifying savings depositors with Index Visible Cabinet Files has resulted in the quicker and better customer service that brings increased business. The depositor is made to feel that he is known at his bank, and long lines of people are handled with no exasperating delays."*

The Navy Savings Bank started with three Index Visible Drawfiles. Today they use twelve. You, too, can profit by this better system. Why not mail the coupon and let us tell you more about it?

INDEX VISIBLE, INC.

**Main Office and Factory: New Haven, Conn.**

***Sales and Service Offices in Leading Cities***

**Canadian Factory: 38 Clifford St., Toronto**

# INDEX VISIBLE *Card Record Systems*

INDEX VISIBLE, INC.
NEW HAVEN, CONN.

Please send more detailed information about INDEX VISIBLE in the teller's cage, and other departments of the bank.

NAME .....

ADDRESS .....

INDEX VISIBLE, INC. I-V-I RECORD SYSTEMS

## Bank Man, Do You Know Your Bank?

(Continued from page 11)

with balances under $100 as of September 1, 1923, and strike an average of these balances. Thirty-two banks did so, and it was found that these banks were carrying a total of 33,983 accounts, of which 15,189 were under $100, the average balance being $32.50.

It is doubtful if any of these banks had ever made so simple a test of their business. They did not know their banks from this viewpoint. It is perfectly obvious that no bank can carry at a profit an account that earns only ten cents a month. But having the facts in the case, these bankers may now proceed to correct the evil. And if they choose to continue carrying these accounts in the old manner, without effort to improve their status, that is their own affair. At least they will have the consolation of knowing that they carry fully 40 per cent of their accounts at a distinct loss, and that the large accounts must carry their weaker neighbors.

Banking is, at the same time, an exact and an inexact science. The income of a bank can be traced to the minutest detail, and each item of profit definitely determined. The operating costs can also be minutely analyzed, insofar as expenditure is concerned; but the losses from uncollected funds and unprofitable balances cannot be known to a nicety. The cost of handling a single check has been carried to five decimals; but that is not to say it is the exact cost, there being many unknown factors that are only approximated. Such an analysis will, however, demonstrate the cost with sufficient certainty to prove the point that the small account is a financial burden to the bank.

In the simple test made by the Nassau County bankers, their eyes have been opened and they have had a new vision of their banks. They now know that unconsciously they have been inviting costly business. They can apply corrective measures, and doubtless will; but if "ignorance is bliss," they are now in position to know what their bliss costs them.

The value of statistics lies not in their compilation, but in the use of the information gathered. And the banker-statistician has many advantages over his fellow who is either too busy or disinclined to dissect his banking operations. The former knows where he stands; the other does not.

## All Wrong

*Wife*—You seem worried, dear. Did anything go wrong at the bank today?

*Bank President*—Yes; the cashier.

—*Judge.*

## Shall We Charge the Little Fellow?

(Continued from page 20)

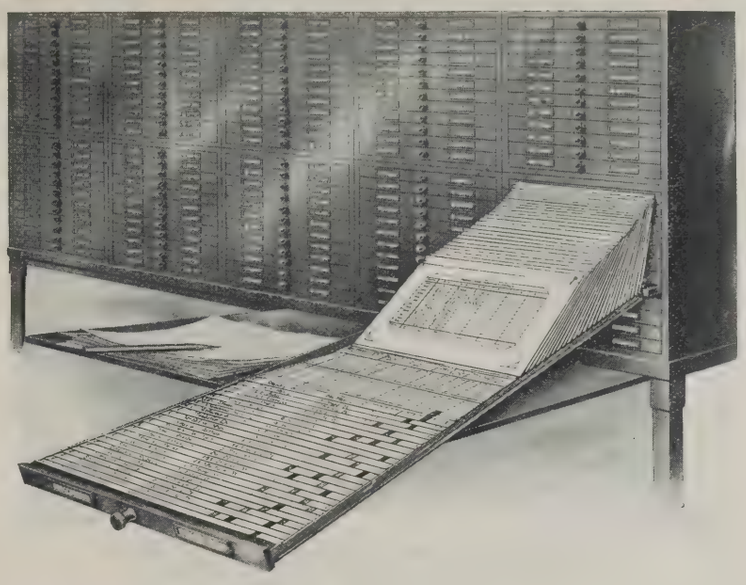
and instances of refusal because of the charge to open an account with any of our banks, are rare. When they once become depositors, the service charge, apparently, has no effect whatever."

S. C. Ganz, manager of the Phoenix Clearing House Association and assistant cashier of the National Bank of Arizona, writes: "The plan is very satisfactory and every bank here reports that it has gotten rid of a number of small accounts which were operated at a loss, or that the depositor has kept a balance which would not subject him to the charge, or that the charge has at least compensated the bank in part for the expense of maintaining the account. The public accepted this plan very nicely, inasmuch as considerable newspaper advertising was put into effect for about one month previous to the first imposition of the charge, and all of the banks displayed lobby cards giving notice."

Arthur C. Mason, secretary of the Hartford Clearing House Association and cashier of the State Bank and Trust Company, writes: "I understand that the Hartford banks as a whole have had very good experience with this service charge. The depositors who have not built up their balances have been perfectly willing to pay the small charge for service which they received. We advertised the matter quite extensively in the papers over the signatures of all of the banks composing the clearing house association."

J. R. Capps, manager of the Des Moines Clearing House Association and cashier of the Iowa National Bank writes: "This ruling has been in effect here for several years and we believe is operating very satisfactorily. We experienced very little difficulty at the time the plan was inaugurated. Very few of the customers objected to the payment of a charge. Some of them felt that they should have an offsetting credit for money in the savings department but this has not been allowed. Quite a few of the accounts were closed or consolidated, and others were increased. Quite a number changed from bank to bank but apparently each bank gained about as many accounts as it lost and the plan is now operating on a very successful basis. We are very well satisfied with it."

J. L. Pomeroy, manager of the Minneapolis Clearing House Association, writes: "The plan has worked out very satisfactorily. When this arrangement was put into effect a large number of accounts were closed and when the service charge was raised to $1.00 per month in January of the present year, another large number of accounts were closed; for example, in the First



# Rand Visible Card Records Originally Devised for Banks—25 Years Ago

THE first Visible Records ever devised—invented by James H. Rand twenty-five years ago—were planned for banking use.

The success of the Rand idea, its adoption by leading banks, led later to its extension to every line of commercial and professional use throughout the world.

For a quarter of a century, however, the Rand organization has constantly studied the banking record need. It has perfected the Rand Visible Card Record idea until now it meets every banking requirement.

Whatever your record problem it has already been solved for leading banking institutions, or can be, by the Rand corps of bank record experts—and the service is *free*. Write for particulars.

James H. Rand invented VISIBLE Card Records. There have been imitators of Rand systems, but the genius which created leadership has continuously maintained it.

RAND COMPANY, INC.
809 Rand Building, North Tonawanda, N. Y.
Canadian Plant, Niagara Falls, Ont.

RAND
VISIBLE CARD RECORDS
Facts at a Glance
PIONEER JAMES H. RAND INVENTOR

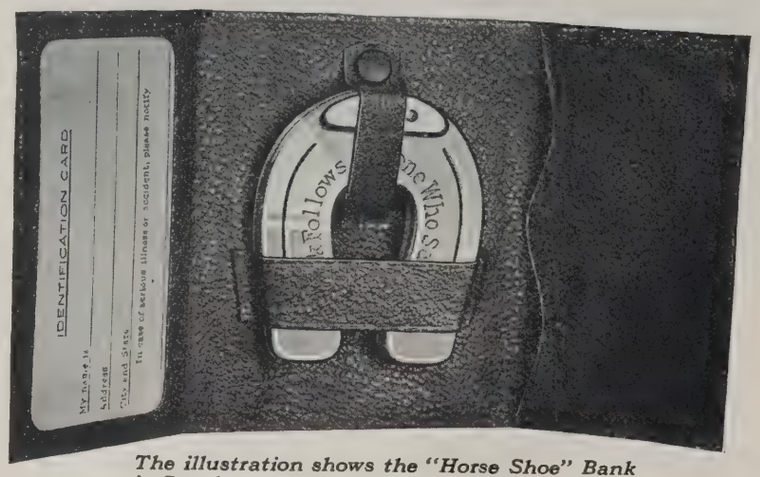
RAND COMPANY, INC.
809 Rand Building
No. Tonawanda, N. Y.

You may send me data on Rand Visible Card Records for departments checked below.

- ☐ Signature
- ☐ Central File (New Business)
- ☐ Stop Payment
- ☐ Safe Deposit
- ☐ Inactive Ledger
- ☐ Liability Ledger
- ☐ Automobile Finance

# The "Horse Shoe" Dime Magnet

***Attracts Accounts for You and Dimes for Your Depositors***




*The illustration shows the "Horse Shoe" Bank in Gentlemen's purse made of Genuine Leather*

The combination Good-Luck purse and Bank make a beautiful Account getter. Your "Ad" is carried on this purse as well as on the Bank. The purse provides the means for carrying the bank so that the depositor has the bank with him when the desire to save presents itself, the means of deposit is at hand, not at home, lost, misplaced or hidden. Made for ladies too.

WRITE FOR A SAMPLE

**BANKERS THRIFT CORP., 2240-42 No. Racine Ave., Chicago**






# Flexlume Electric Signs

A FLEXLUME Electric Sign for neighborhood banks is a distinct convenience to the public. No other advertising will so quickly establish the location of a branch and point out its relationship to the parent institution.

*Let us prepare a sketch showing a Flexlume for your requirements*

FLEXLUME CORPORATION
1050 Military Road BUFFALO, N.Y.


*In writing to advertisers please mention The Burroughs Clearing House*

National Bank, of which I am an officer, we lost in the first instance about 2,500 accounts; since the first of January about 1,500 accounts. We do not consider the loss a matter of any regret because we feel that we have gotten rid of a lot of worthless business. When the plan originally went into effect we published a notice in the newspapers and notified customers by mail, giving them a month's notice."

A letter received from Philip Stockton, treasurer of the Boston Clearing House Association and president of the Old Colony Trust Company, is of special interest because of the fact that the monthly service plan has been in operation in that city only since June 1, 1924. Mr. Stockton says: "The plan appears to be satisfactory to a large majority of depositors. No difficulties have been encountered. A great many accounts have been merged with other accounts so that the total average would be over $300 and a great many depositors who live in suburban cities and towns have shifted their household accounts to those cities and towns, an alternative that is quite reasonable and satisfactory to us. We did no educational advertising but wrote up newspaper stories which were published free of charge. It is impossible to say whether or not the total deposits have shrunk at all in the various banks. I think in our bank the increases in the accounts below $300 have more than offset the withdrawals to other banks and other towns. This will probably prove so throughout Boston."

It is possible that in time every bank will charge for its services like other business institutions. The monthly service plan has successfully passed the experimental stage.

Clearly the real remedy lies in united action. Few bankers have any inclination to risk the elimination of a large percentage of their accounts suddenly. There must be whole-hearted co-operation.

## Bank Ways With the Women of Utica

(Continued from page 16)

willing to work. I have found apartments, maids, helped women get positions, directed them to doctors, shops, dentists and all sorts of things. Often they tell someone else about it and that someone decides ours is a good place to leave his money and comes in and opens an account.

It is the best means of advertising on earth, because it is the really human contact in business—this personal service of one human being to another. Did it ever occur to you how many institutions spend thousands and thousands of dollars to develop that intangible but most important asset called "good will," and then com-

pletely overlook the necessity of analyzing the essentials requisite to bring that "good will" and keep it. It is useless for a bank to advertise if the favorable impression concerning the service the depositor was to receive, is blasted as soon as he steps inside.

It has been my ambition to make our department as comfortable and attractive as possible, that each one of our 15,000 women depositors may take away with her a sense of gratitude, a better knowledge of banking every time she comes, and a conviction that she has a woman friend who will make an attempt to assist her with all her problems. My slogan is "GO TO THE WOMEN'S DEPARTMENT OF THE CITIZENS TRUST CO., OPEN AN ACCOUNT, THEN ASK FOR SERVICE, BECAUSE WE HAVE IT TO GIVE."

## New Business in a Post-Prandial Way

(Continued from page 24)

tell us that it bats well over the 300 mark.

"Our art service at the First National Bank of Madison is so good that we were able to find but nine illustrations adaptable for use in a 'What's Wrong With This Picture' series. The artists whose work we reproduced in our series as it finally appeared may feel abashed at our trenchant implications that there is something wrong with their pictures. We have not been perturbed, however, for the series brought gratifying results.

"Our campaign was necessarily in behalf of several departments. With the same head on each advertisement, we felt impelled to vary the copy to embrace the different departments; first, because we wanted to spring a diversified attack which would not lull, and second, because in the instance of each advertisement it was imperative that our copy be as explanative of the illustration as possible.

"This series got attention. The advertisements were read. That's what the curiosity appeal helped accomplish. It was up to the copy to do the rest. And we believe it did."

IN DIRECT-BY-MAIL advertising it is highly essential that the bank know where its message is going and whether or not that message is reaching the desired destination. Whenever it is not reaching destination, time and money are being wasted. One bank that did a little experimenting by interviewing 100 persons on the mailing list, found that in 29 instances out of 100 the addresses were incorrect, notwithstanding the fact that the addresses had first been checked by a return postcard inclosed with a





SAFETY is the watchword and foundation upon which a successful Bank is built. Safety must exist not only within the Institution, but without as well. Officers and Directors think in terms of Safety, the public think of an Institution as a "Safe" Bank with which to deal.

Safety must be maintained throughout every department of the Institution to secure the full confidence of the Public.

The Note and Loan Department in Banking is every bit as worthy of protection as the checking accounts, or the safe, which is safety in itself, but in lots of cases does not receive it.

Safety in its broadest sense cannot be had by old-fashioned methods because the old methods of Note and Loan Registration admit of many possibilities for errors that are at once eliminated when the

# ONE OPERATION NOTE REGISTER

is installed. The massive strong doors and very intricate combination of the safe would mean absolutely nothing toward SAFETY without the construction of the other five walls. The same condition exists in the Note and Loan Department of the Bank which has taken no steps to secure its safety and guard against the 95% of errors which occur, due to copying.

The five sheets, Register, Notice, Tickler, Maker and Endorser, of the ONE OPERATION NOTE REGISTER SYSTEM are the five strong walls of your Note and Loan Department. One typewriten operation only and every necessary record is accurately provided.

UNION SAVINGS SYSTEMS COMPANY
*"Good Things for Banks"* LANCASTER, PA.

CANADIAN DISTRIBUTORS: BUSINESS SYSTEMS, LTD., TORONTO

# Waukegan National Bank
*Waukegan, Illinois*

Now being built and equipped by the
St. Louis Bank Equipment Company under their

## Single Contract Method



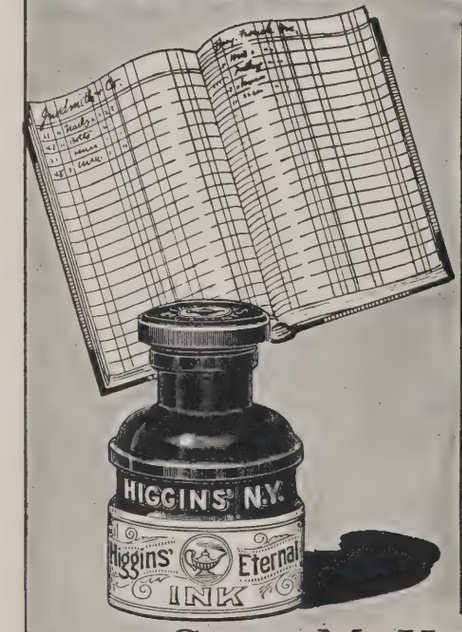
This service replaces the cumbersome and expensive overlapping of functions and the pyramiding of fees which result from the separate employment of architects, engineers, contractors and sub-contractors. Total cost is definitely determined and guaranteed by us in advance.

*We will, without obligation, furnish photographs, plans, cost data and other information to any banker.*

**St. Louis Bank Equipment Company**
*Bank Builders* 807-811 Walnut Street, St. Louis, Mo.



# HIGGINS'




## HIGGINS' ETERNAL INK

***Proof to Age, Air, Sunshine and Chemicals***

CHECK signatures, ledger records, legal documents and business forms of all kinds, can be made forever safe from alteration or obliteration by the use of HIGGINS' ETERNAL INK.

The pure carbon ink strikes through the paper on which it is written and cannot be eradicated unless the paper itself is destroyed.

Reason enough why *your* business should use it.

***For safety's sake, use HIGGINS' ETERNAL!***

**CHAS. M. HIGGINS & CO.**
271 Ninth Street Brooklyn, N. Y.
CHICAGO LONDON




personal letter informing those on the list that some valuable booklets were to be sent to them. The plan of distributing bank advertising literature from house to house eliminates such wastage because no names or addresses are necessary, and the literature goes into every home—100 per cent circulation.

FULL newspaper page advertisements are frequently used by the First Wisconsin National Bank. A recent one was headed "Milwaukee's Financial Department Store" and contained a description of the varied services of the First Wisconsin group. Another was in the rotogravure section and in it were pictures of the bank building, Chairman Fuller and President Kasten, and various groups and interior views.

IF YOU feel that you must do a little specialty advertising once in a while, try to make the gift article something that the recipient will use or have before him every day. For example, in these times when there are millions of automobiles in the United States, many banks are giving away little cardboard or leather covers for the state automobile license. In suburban communities where many persons travel daily on "commutation" tickets to the city, a very useful gift is a little wallet to carry the commutation ticket or railroad time-table. As good will producers, there is little to be said against such advertising specialties for banks if they do not use up too much of the advertising appropriation.

THE humble but important cow is glorified in an advertisement of the First National Bank of Petersburg, N. D., as follows:

"Wherever the cow has taken her rightful place, and man has done his part, we find the highest type of farming; we find farmers living on their own farms, raising crops in rotation, which is the way the Lord intended us to farm."

BOOKLETS and other printed matter this month include these:

A folder on fur storage by the Yonkers Trust Company, Yonkers, N.Y.

An unusual statement folder is that of the First National Bank of St. Paul, Minn., the cover being illustrated with a picture of the city's early days.

"The Red Book of Inheritance Taxes," with a list of corporations and states where incorporated, put out by the Continental and Commercial Banks, Chicago. It is a valuable reference work.

The convention number of *Cage and Desk*, San Francisco chapter of the American Institute of Banking. This magazine was adjudged best of the chapter publications at the Baltimore convention.

# Recent Law in Canadian Courts

*By* M. L. HAYWARD

"IMMIGRANTS and tourists pass freely between the United States and Canada, unhampered by the international boundary. Secret societies exchange fraternal visits. Churches extend calls without regard to citizenship. Cupid shoots his arrows indiscriminately, unhampered by custom houses or red tape."

So said a prominent Canadian statesman recently at an American banquet table, and he might have added that American and Canadian banks interlock and exchange business to an extent that would belie the existence of tariff walls.

It would not, therefore, be out of place to give a brief review of the leading banking decisions of the Canadian courts during the year 1923, for the benefit of American bankers who have more or less business in the northern Dominion.

The case of White vs. Royal Bank, a decision of the Ontario Supreme Court, covers a point that will no doubt arise again, in view of the fact that a bankruptcy law is now in force in Canada.

In this case a check came in in the regular course of business, was stamped paid, charged to the drawer's account, and credited to the forwarding bank, and then the paying bank learned that the drawer was in liquidation.

The decision was that this constituted an appropriation which could not be revoked after the paying bank was notified of the insolvency.

In order to convince the reader at the outset that banking problems are the same on both sides of the international boundary, it may be pointed out right here that the same point arose in a decision of the U. S. Circuit Court of Appeals where X gave a check to Y, a petition in bankruptcy was filed against X, the bank paid the check, but with no knowledge thereof, the trustee in bankruptcy sued the bank, and the Circuit Court decided that the bank was not liable.

"But we think that both on principle and authority the bank is not liable for good faith payments to third parties made before the adjudication, upon depositors' checks in the regular course of business and without knowledge or notice of bankruptcy," said the American courts in the case referred to.

Another case decided in 1923 by the Manitoba courts should also be referred to, in view of the present position of the branch bank question in the United States. In this case one branch bank forwarded negotiable instruments, payable to bearer, to another branch of the same bank, received no acknowledgment thereof, made no inquiries for a space of six weeks, and then, having learned that the documents had gone astray, took no immediate steps to warn the parties concerned so that payment might be stopped, and the decision was that the bank was responsible, on the ground that its negligence was the effective cause of the theft and subsequent negotiation of the papers.

An American case which is practically "on all fours" with the Manitoba one is a decision of the Texas courts reported in 238 Southwestern Reporter, 362, where a depositor handed Liberty bonds to a bank to be sold and placed to his credit. The bank forwarded the bonds to another bank to be sold, neglected to register them, the bonds were lost in the mail, and the court ruled that this was such negligence on the part of the bank as would render it liable to the depositor for the value of the bonds.

"Now, it is, of course, unfortunate that the bank has to be responsible for this loss, after its cashier had been careful to instruct that these bonds should be registered, but under the law the bank is responsible for the act of its employees in failing to comply with these instructions," said the Texas courts.

The ever present question of husband and wife came before the Ontario courts in a case where X drew a draft on Y, Y's wife accepted it without authority, the bank paid the draft and charged it to Y, and the courts ruled that the bank had no authority to do so.

Another variation of the same theme is involved in a British Columbia case where a company was indebted to a bank, which demanded security. The secretary of the company, by false and fraudulent representations, induced X to pledge certain bonds with the bank as security for the company's indebtedness.

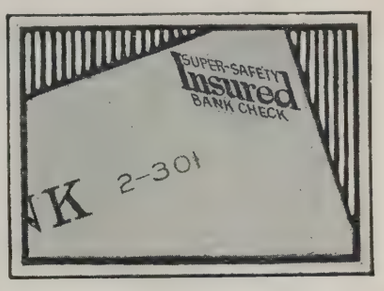
Then, X, when he found that he had been defrauded, brought suit against the bank to recover his bonds.

"We took the bonds in good faith, and are not responsible for the fraud of the secretary," the bank contended, but the British Columbia courts ruled otherwise, and X recovered his securities.

There are several other Canadian decisions along banking lines, but they do not cover outstanding points, and are not referred to herein, but one case which cannot be overlooked is a Manitoba decision where a depositor was in insolvent circumstances, to the

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Super-Safety INSURED Checks have come to stay. The need for them has been proved. Safety paper and other devices are good as far as they go. But *insurance* is the only *positive protection.* These checks automatically insure bank and depositor for $1,000 against raised check loss. This insurance is issued by the Hartford Accident & Indemnity Co., one of the strongest in America—with more than twenty million dollars in assets.

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knowledge of the bank, which applied the depositor's deposit account to the bank's liability within the three months' limit laid down by the Canadian Bankruptcy Act, and the Manitoba courts ruled that the bank was in no better position than any other creditor, and could not hold the money so appropriated against the depositor's general creditors.

Another interesting point arose in the same case, as the evidence showed that a commission agent received the proceeds of property sold by him for his principal, deducted his own commission, deposited the balance in his own general account—and went into bankruptcy.

The decision was that such money was trust money to which the principal was entitled in preference to the general creditors, as long as the money could be traced.

### *Under the Blotter*

THE directors of the Blackstone Bank were in session assembled, and the cashier was holding their undivided attention.

"About fifteen days ago, Joe Brewster sauntered into the bank, went down to the safety deposit vault, and unlocked his box," the cashier explained.

"Well, I suppose that happens 200 or 300 times every week," Director Brown suggested.

"Yes, but I don't suppose this particular case ever happened since Noah banked on Ararat," the cashier retorted. "You see, Brewster carried his box across to the long steel table at the end of the room, took out the insurance policy that he was transferring, put in a Liberty bond that he'd just bought that forenoon—and pushed the big blotter to one side."

"Well, pushing a blotter around isn't as serious as pushing a policeman," Director Brown came back.

"That depends on what's under the blotter," was the quiet reply. "In this particular instance there happened to be ten bright and new $1,000 bills."

"Holy Jemima—what did Brewster do?" was the unanimous query.

"He brought them up and laid them on my desk," was the quiet reply. " 'These must belong to some guy that was in the vault ahead of me, and you'll have no trouble in finding an owner,' Brewster told me."

"No, I don't imagine you would have."

"Well, finding an owner is exactly what we've failed to do," the cashier said. "As a last resort, we went over our books, and wrote to every person having a box in our vault, and—"

"You mean to tell us that you didn't find an owner?"

"There's no more sign of an owner for those bills than there is value in a

German mark," the cashier assured them.

"Well, why worry? The bank's in $10,000 until the owner appears, at least."

"But Brewster came in this afternoon, I told him we hadn't found an owner, and he demanded the cash. Says he's been to a lawyer, and threatens to sue the bank if we don't hand over the coin."

"Well, I've always understood that the finder of lost property has a good title against all the world until the real owner appears, so it looks as if Brewster had a good case," Director Black admitted.

"Then, what did he want to hand over the money for? Seems to me he lost his right when he gave up the bills," Director White suggested.

"I contend that we're entitled to the money on the ground that it really never left our control, and that Brewster wasn't the real finder," another director declared.

"I don't know a single thing about it, but I'd say to hang on to what we've got and fight the suit, if Brewster sues," Director Brown asserted.

Now, it is always dangerous to act upon the views of a director who admits that he knows nothing about the case, especially where legal matters are concerned, but, in this instance, Director Brown happened to be right, and the cashier was wrong when he said that the case was a new one, as the Missouri Supreme Court in a case reported in 172 Southwestern Reporter, 376, was faced by a similar state of facts—and decided in favor of the bank on the ground that the money was not lost, and was never out of the custody and control of the bank.

"Now, the authorities as a general rule hold that money or other property voluntarily laid down and forgotten is not, in legal contemplation, lost, and that the owner of the shop, bank, or other place where it is left is the proper custodian rather than the person who happens to discover it, as well also as to all other persons except the owner," said the court.

### *The Policy That Didn't Protect*

"I'VE just moved into your city and want to open a deposit account," the customer suggested.

"Glad to have your business," the cashier agreed—and the new customer made an initial deposit of $7,000.

Two days later, and during the usual rush hour, the customer walked up to the wicket occupied by teller No. 1, presented a check payable to "cash" for $7,000. The teller consulted the accountant, found that the account was "good," and paid.

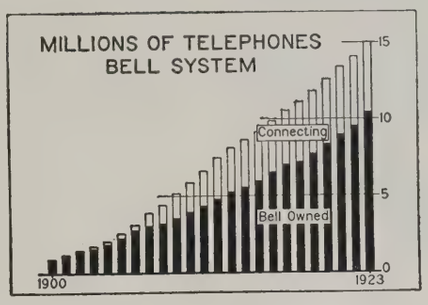
Then fate (or connivance) intervened, assisted by "the long arm of coincidence," and the teller answered the telephone which had begun to ring while he was counting out the bills.

"Wanted at the city hospital at once—serious accident to member of your family," the message stated.

Then the teller did what any ordinary teller would do under the same circumstances. He locked up his wicket, left the check on his desk, grabbed his hat, and hustled away to the hospital.

Then the rest was easy. The customer filled out another check for $7,000 and presented it to teller No. 2. The second teller consulted the account, found that the account was still "good," as the first check was still in the wicket of teller No. 1, and


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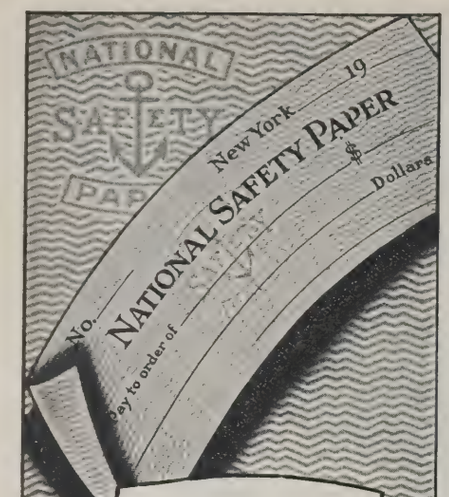
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the customer walked out with $14,000 of the bank's money to show for his original deposit.

Half an hour later teller No. 1 returned and reported that the scare message was a fake, and then the loss was discovered.

"It's too bad, but we've got a banker's bond protecting us 'from loss through robbery, burglary, theft or holdup,' and I'll put in a claim to the local office this afternoon," the vice-president assured the anxious employees.

"Nothing doing," the local agent averred, when the vice-president explained the situation. "There's a clause in your bond that says it doesn't protect you in case of 'loss caused by an overpayment by a teller to a customer.'"

"Yes, but it does protect us from theft, and if this isn't a plain case of theft, then I don't know plain English," the vice-president argued.

"No—it's a simple overpayment, and we admit no liability," the local agent repeated.

In a recent case involving these facts and reported in 195 N. W. 253, the Supreme Court of Iowa decided in favor of the surety company, and ruled that the bank had to stand the loss, on the ground that the customer was guilty of "false pretenses," but not of "theft."

### *"Swapping" Checks"*

"I HAVE a little banking scheme in my mind that I'd like to work out with your assistance," Madison suggested.

"What's the big idea?" Benson asked.

"It's like this," Madison explained, "I'm doing business with the Monarch Trust Company here, and I'm carrying a deposit account with the Border National Bank over in Belfast."

"Well, the man that's got two bank accounts in these days is some plutocrat."

"And I want to deposit a check with the Monarch Trust Company here today, and get credit for it."

"Well, that requires no banking expert to line up. Draw a check on the Border National and deposit it to your credit with the trust company," Benson suggested.

"Yes, but I want to do it without letting the trust company know I've got the Belfast account," Madison demurred.

"Oh, that's a pig of another snout, but how can I help you out?"

"You give me your check for $3,000 on the River Bank up in Canterbury and—"

"But I haven't got that much to my credit," Benson objected.

"Hold on a minute. I'll give you my check for $3,000 on the Frontier Bank of Belfast, and you can deposit it in the River Bank when you go up tomorrow morning, before your check comes in. Then I'll deposit your check with the trust company here, get credit for it, and they'll never know that there's such a thing as my Belfast account."

"Some little idea," Benson agreed, and the checks were signed and swapped.

Then events moved rapidly, as the fiction writers say. Benson presented his check to the Frontier National Bank at Belfast, and the paying teller gave him the icy glare.

"Not sufficient funds," was the verdict, and Benson hastened back to the Monarch Trust Company.

"Did you cash a check o' mine for $3,000 in favor of a Madison?" Benson demanded.

"We did," the trust company told him.

"Did you give him the actual cash for it?" Benson persisted.

"He indorsed it to us, and we applied it to an overdraft we've got against him."

"Well, he got that check from me through fraud, I got no consideration for it, you're not 'holding in due course,' and I won't pay it."

"We'll sue you."

"Sue away."

The trust company was as good as its threat and the case is among the recent ones decided by the Supreme Court of Maine, which ruled that Benson was bound to pay the check, for the following reasons:—

1. That the trust company was a "holder in due course," having taken the check, complete and regular upon its face, before it was overdue, in good faith and for value, and without any notice of any infirmity or defect.

"The Uniform Negotiable Instruments Act provides that an antecedent or pre-existing debt constitutes value. Hence the check, which was taken and credited to the depositor's account, thereby diminishing the amount of the overdraft, was taken for value," said the Maine Court.

2. That, as between Madison and Benson, the latter received consideration for the check.

"The law is well settled that cross notes, bills, or checks though made for the accommodation of the parties, are not accommodation, but business paper, provided there is no restriction on use or negotiation; the one note, bill, or check being a good consideration for the other received in exchange. Moreover, the transaction being complete at the time of the exchange, the question of original consideration is not affected by subsequent events, such as a failure of one of the parties to pay his note when due," said the court very clearly on this point.

# Dollars Into Marks or Francs

*By* ARTHUR F. McCARTY

SINCE the war, for one reason and another, the number of transactions of the character indicated in the title has multiplied so enormously that as the village banker in any part of the country reads this, he may be called on by a customer to send a thousand bucks to Poland by the afternoon train. And, since the increase in this business has given rise to a corresponding increase in the cases of dispute which the courts have had to determine, it is important that the duties and liabilites of a bank undertaking such a service should be understood.

Three important cases have but recently been published in the law books, and from the opinions in these cases, one from New York, one from West Virginia and one from California, with their many references to the holdings in other states, it is apparent that there are two main lines of reasoning and some confusion in conclusion, though analysis indicates what the final merging of opinion and holding will be. There is the so-called "New York Rule" and the "Massachusetts Rule," growing out of litigation in the past over the duties of collecting banks, and now applied by some courts to the newer business of transactions in foreign exchange, under which some states hold the duties and liabilities of banks as more severe than other states.

In the case of Gravenhorst vs. Zimmerman (236 N. Y., 22; 139 N. E., 766), Zimmerman & Forshay, bankers, agreed to transfer 47,222 marks to Germany for $8,500.00 plus a wireless telegraph charge of $10.60, but the memorandum contained this language: "Neither Zimmerman & Forshay nor their correspondents are responsible for delayed payment or non-payment of the above amount caused by any delay or error on the part of the Cable Company in the transmission or the delivery of the message ordering payment. In case of non-delivery of cable message payment will be effected by our correspondent on receipt of our mail confirmation."

The decision in the case, resulting from the fact that complete suspension of wireless service ensued and three years elapsed before the credit was established in Berlin, makes clear, first, that such a reservation in a memo as that above does not relieve the bank from liability for a *total stoppage* of wireless service, and, second, that the transaction was not a sale of exchange, but an undertaking to perform a service, and as such contract, must be interpreted and enforced the same as other contracts. In other words, it was held that the agreement was an executory contract, by which the bankers were to do something for a consideration, and that what they were to do was to establish a credit in Germany to the plaintiff's order.

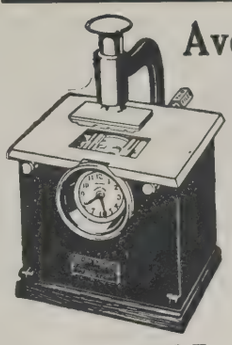
The decision shows us the way to the dividing line between a sale of exchange, wherein the bank sells a draft, a mere order on another bank where it has money, to pay the same to somebody, and the undertaking to *establish* a credit. The former is a completed transaction and upon delivery of the draft the bank has fully performed; the latter is completed only when the undertaking is fully performed and within any time that has been set. In it, the risks attendant upon performance rest wholly on the bank, and the bank is responsible for any errors or failures on the part of any agency chosen by the bank to carry out the task. The reasoning of the court in this case, which was under the "New York Rule," is such that, apparently, unless the forwarding bank actually has a foreign correspondent bank, in which it already has an actual credit, no remitting of funds can be made to a foreign country in any manner that will not result in an executory contract and the bank be liable for every act of the agencies it uses to carry through the service.

It is right here, in the matter of failures on the part of chosen agencies, that trouble usually arises, and wherein comes the difference between the two rules. These rules grew out of litigation over collections, and the New York courts held that the forwarding bank must bear the consequences of all acts by other banks used in the matter, while the Massachusetts courts held that the forwarding bank was liable only for negligence in selecting an agency not suitable for the work to be done.

In the case of Vincenzo vs. Richwood Banking & Trust Co. (117 S. E., 882), the West Virginia case, the bank agreed to purchase and transmit 7,500 lire to Italy for $1,000. Through the carelessness of the Italian bank chosen to transact the business, and through the bad condition of Italian mails, another agency was used, the money was lost and the forwarding bank was held liable.

The decision was based on the broad general rule relating to contracts generally, that is to say, that the bank agreed to do something and failed and must pay the loss resulting from its failure, and that any agency chosen by the bank was *its* agent and

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not the agent of the customer who had paid in $1,000 to be shipped to Italy, and coincides with the ruling in the Gravenhorst case. The same rule ("New York Rule") is followed definitely in fourteen states aside from New York, namely, New Jersey, Arkansas, Colorado, Georgia, Kansas, Louisiana, Michigan, Minnesota, Montana, North Dakota, Ohio, South Carolina, Texas and West Virginia, as well as in the United States courts and in England.

In all these states, then, in the absence of an express agreement, the transaction to transmit, remit, forward or send funds to a foreign country will be an executory contract in which the bank is responsible for all neglect or failure on the part of any instrumentality it chooses, unless the forwarder has already a credit abroad at the identical place of consignment and makes a present sale and delivery of such credit or a part thereof, which would be a sale of exchange the same as a sale of a draft.

The third case comes from California, and is entitled Nicoletti vs. Bank of Los Banos (214 Pac. 51), and involves the delivery by Nicoletti of $550 to be forwarded in its Italian equivalent to his mother in Italy, which, by negligence of a foreign bank, was delivered in Italy to the wrong person. The California court followed the "Massachusetts Rule," and decided that the Bank of Los Banos, having selected the Mechanics and Metals National Bank of New York, an entirely suitable bank and a proper channel through which to send the money, was not liable for the loss, as the contract was one to "send" the money in a proper manner. This is the only case I have been able to find which applies the "Massachusetts Rule" to this matter of sending money abroad, and even it is decided by a divided court, so that I am of the opinion that with whatever reconciliation between the two rules occurs in the future, there will be more states following the "New York Rule" with respect to this particular transaction. Mr. Justice Lawlor, one of the California judges, has the following to say in his very able dissenting opinion:

"It does not seem to me that the customer is afforded adequate protection unless the bank with which he dealt, and in which he presumably had confidence, should be responsible for the safe transmission of the money to the consignee. What the customer here undertook to bargain for was the payment of the money to his mother. Under the main opinion, practically the only service rendered to him by the original bank was to select another bank to assume the responsibility * * * No hardship will result if, in the absence of an express agreement, the original bank is held liable, for transmitting money is a part of its business, and it can *limit its liability* by appropriate provisions in the contract."

The italics are mine, and I stress these words for a reason immediately apparent to every reader—that by making an express contract the bank may set out exactly what it undertakes to do, and no bank should agree to transmit funds abroad, where it does not have an actual credit with a correspondent bank at the place of consignment, without such a contract.

In many cases, if not in most, the purpose of the customer will be satisfied by an undertaking on the part of the forwarding bank to do no more than select a suitable bank in the large city, one that is accustomed to handling such transactions, the reservation being made that when that is done the forwarding bank's responsibility ends, which checks the whole matter up to the large bank accustomed to the business and with a legal department at its constant beck and call.

This admonition is one I make constantly to clients, for we lawyers fatten, as a rule, off the uncertainties and ambiguities of the average business transaction. How much better and cheaper it is to use the lawyer's advice beforehand! Any shyster can get his client into court; but any lawyer who holds his profession as one of the great helpful agencies in the complexities of modern business life will be glad, for a much lower fee than he would charge for trying a lawsuit, to show the way to keep out of court. Ordinarily, the way is to make your agreements and undertakings definite and certain.

## Native Pride

THE Virginian's high regard for his native state is reflected in this story, told by a native of that commonwealth:

During a conversation between his father and another man at a southern resort a small boy inquired of the stranger what state he was from. After the man had left, the lad's father admonished him never to ask a stranger that question. The boy inquired why this was improper.

"Because," replied his father, "if a man is from Virginia he'll tell you. If not, why embarrass him?—*Boston News Bureau.*

* * *

*Paying Teller*—But, madam, you will have to be identified before I can cash this check for you.

*Fair Caller*—(blushing furiously)—Oh, I just hate to do it, and George would be dreadfully angry, but I have a love letter here which describes me fully, if you would care to see it.—*Old Colony News-Letter.*

## An Outline of Exchange Procedure

(Continued from page 14)

course in dollars. He places the order with a Belgium manufacturer, but it will be 120 days before he will make payment in Belgium francs, so he contracts with his bank for the exchange at a fixed price, delivery of the exchange and payment thereof to be made 120 days in the future.

On the other hand exporters who will receive future payments in foreign currency wish to ascertain definitely what their profits on large transactions will be. They therefore contract to sell exchange at a fixed rate, delivery and payment to be made on or by a specified future time. The bank has transactions on both sides. These should approximately offset or otherwise the bank itself would be speculating. Amounts needed to protect such forward orders can be bought of or sold to other dealers. A memorandum ledger account in each foreign currency is maintained for such commitments.

THE depreciation of European currency has been a continual temptation for speculation. Conservatively managed exchange departments have tried to discourage this. In many cases they have refused to make sales to individuals, and commonly stamp drafts that are sold with a notation advising that they be forwarded without delay and stating that the selling bank will not be liable if a loss results through holding.

There are cases, however, where small individuals or businesses withhold foreign funds. They may have received remittances which they do not want to cash under adverse market conditions, or they may expect to be making payments in foreign currency. Some banks accommodate this branch of business by issuing a certificate showing that the desired amount, such as 50,000 French francs, is being held in a specified foreign bank for the account of the customer. These certificates are paid for in cash. The foreign bank is not advised nor is it concerned. The entire balance abroad is kept in the name of the American bank, but the risk to the extent of his certificate has been assumed by the customer. The principle is the same as a joint account. Interest may be allowed. This permits the customer to hold his foreign currency at interest and to sell without the expense or delay that would follow if he were dealing direct with the foreign bank.

Another situation which has arisen with depreciated currency is the demand for actual American currency abroad. During the period of worthless Russian and German money most remittances were made in actual American funds. The banks abroad have had a considerable stock of Federal Reserve notes. Likewise they have been maintaining dollar accounts in America. On order they pay out the American currency and the sending bank in America deposits coverage in the foreign bank's dollar account here.

Thus, an American bank may have, and frequently does have, two accounts with its foreign correspondent. One account is that maintained in the foreign currency abroad. The balance in this account belongs to the American bank and is known by it as "our" account or "nostro" account. The dollar account is a deposit balance maintained by the foreign bank with its American correspondent. This is virtually the same as an account maintained by another American bank. As this balance belongs to the foreign bank, it is known as "their" account or "vostro" account.

WHERE foreigners are making remittances abroad, often their families live in small villages where there are no banking facilities. In this case the foreign bank, from its nearest branch, will forward a postal order on receiving the required instructions from the American correspondent. It charges its own fee for this service in addition to the amount paid the postal service for the money order. By means of this service and cable instructions from


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> "A Proof Department must be speedy and accurate and we look upon our Burroughs Duplexes in the light of speed and accuracy insurance. Burroughs is the only insurance against laxness, slowness and errors in figure work that we know of.
>
> "To our mind, this style Burroughs is ideal for bank use where only straight adding and listing is required. The Duplex, because it retains group totals and adds them together for a grand total, is a very flexible machine on many kinds of bank work."

Perhaps Burroughs Duplex Adding Machines can speed up adding and proving work in your bank as they have already for thousands of banks. At least, you should investigate—there's no obligation. Just call your local Burroughs office or mail the coupon for a booklet showing how the Burroughs Duplex is saving time and money for the Hartford-Connecticut Trust Company.

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America, remittances may be made with only a day or two delay to very small points.

It is customary on postal remittances for the foreign bank to forward the beneficiaries' receipt to America. Thus the sender, recognizing the handwriting, is assured that the funds have been properly delivered. In the case of Russia these receipts often have been the only word of their families that relatives in this country have had for years.

As with selling foreign exchange, a bank may issue letters of credit, either as a retailer or on its own account. The principal American banks will furnish signed letter of credit blanks to their smaller American correspondents. The correspondent can sell these letters of credit to its own customers filling in the name and amount. The retailing bank guarantees to cover the wholesaling bank for all drafts that may be drawn under the letter of credit and remits a fee for the privilege. The retailing bank has a contingent liability and should show it on its general books, though this is not always done. Or the letter may be sold for cash.

Where the bank issues letters of credit on its own account without receiving payment from the customer in whose favor they are issued, it debits an account "customer's liability under letters of credit," and credits "letters of credit outstanding." If the drafts drawn on the bank under the letter are sight drafts, on receipt of the draft the bank pays it and charges the customer with the amount. Then it reduces both the "letter of credit outstanding" and the "customer's liability under letters of credit" account with offsetting debit and credit entries.

If the draft is drawn other than at sight, the bank accepts it, reduces the letter of credit accounts as for a sight draft, but instead of charging the original customer, it debits "customer's liability under acceptances" and credits "acceptances outstanding."

When the draft matures and is paid by the bank the customer for whom the original letter of credit was issued is then charged and the two acceptance accounts are reduced. Having these offsetting accounts in the general books is a method of having the bank's contingent liability show on its statement.

Foreign exchange accounting is a subject that merits a volume. This article outlines only the simpler factors as they occur in banks outside of the large exchange centers.

## Fore!

*Western Banker*—Is the Old Colony a big bank?

*C. S.*—Well, you can always get up a foursome among the vice-presidents.

—*Old Colony News-Letter.*



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# The Burroughs Clearing House

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IN THIS ISSUE BANKING PROBLEMS IN THE OIL COUNTRY
THRIFT WEEK; METHODS OF THE AUDITORS




*Zenith Visible Name Check File Guides*

*The Angle Tab Prevents Mistakes*

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# ZENITH

BANK EQUIPMENT

# The Burroughs Clearing House

HERBERT SHRYER
*Editor*

C. D. MACGREGOR
*Business Manager*

NOVEMBER, 1924
VOL. 9 NO. 2

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## *The Editor's Indorsement*

ONCE upon a time when we were so-called financial editor of an afternoon newspaper, bank advertising fairly dripped of the "rainy day." The copy-writer wept fluently over the fate of improvident Old Age who wouldn't put his money in the bank against the Poorhouse looming in silhouette through a figurative mist of tears—caption: "Over the Hills to the Poorhouse." Being youthful, of an inquiring turn of mind and reckless of consequences, we proceeded to hang a story on what sounded to us like a note, or at least a tone-shade, of insincerity in all this savings lamentation. To make a long story short, it was a knock-out. Though it nearly cost us our job, it made Page One and nothing else mattered.

We asked the president of every bank in town—there were fifteen at the time—what he would do with his first thousand dollars, assuming he could imagine himself back in the position of Mr. Average Citizen now just come, by whatever process, into possession of that first objective sum. One would buy government bonds. Another would make a start and gradually build a business in the discounting of land contracts. One would make the first payment on a home. Another would buy mortgage bonds. Still another—the gambler of the company—would go in for gilt-edged, well-seasoned preferred stocks. But only one of the bankers of our town—and this is the significance of our story—stood four-square with the rainy day and affirmed to all the world that he'd leave his money in the bank to ward off the specter, Emergency—'cause you never could tell, etc., etc.

IT IS neither here nor there that most of the bankers of our town, on sober, conservative second thought, plead the age-old alibi that they didn't know they were talking for publication and howled to high heaven when they saw their spontaneous advice on savings in print. The point is that though the answer today would be much the same as it was then, it would be more freely acknowledged, less likely to be repudiated. Public sentiment has changed and so has the bank's own conception of financial service—materially. We are advancing, yet what a long, long trail is winding—to perfection.

On another page of this issue we read that Thrift Week next January will include a new day, "Safe Investments," and that the sponsors of the movement, presumably backed unanimously by the banks, are proposing to spread Thrift Week over an entire year of systematic saving and wisely directed spending, January to January.

Picking up the current issue of *Good Fortune*, published for its depositors by the Minnesota Loan & Trust Company of Minneapolis, we turn to page 8 and read: "We recommend for investments the following bonds. . . ." No "ifs," "provideds" or "statements herein not guaranteed;" a full page of recommended investments, yields ranging from 4.15 to 7.14 per cent. In the same issue is inclosed a signature card of agreement to adopt the bank's monthly savings plan (reproduced and described in this column of *The Burroughs Clearing House* for June). That's a step in the direction of year 'round thrift, intended not for the rainy day but for definite, specified purposes—to pay off the mortgage, taxes, life insurance, or to buy legitimate investments.

Prominent on the program of the recent convention of the Financial Advertisers Association we found these subjects up for thorough discussion: "The Club Idea in Savings Development," "Special Purpose Clubs," "A Comprehensive Investment Advertising Program," "Creating a National Market for Securities," "Sources of Obtaining Leads for the Investment Department," "Development and Faults of Present Day Thrift Advertising"—and "Thinking of Tomorrow," an investment film.

MANIFESTLY, we're moving forward by still another stage that's rapidly taking its place in the trend toward specific, continuous thrift, the "Buy $1,000" plan, a typical application of which is reproduced with examples of the advertising of the Hellman Bank, of Los Angeles, on page 21 of this issue. And that raises a question, Mr. Official of the Hellman Bank and of the scores of other banks using the slogan and the plan: Why do you hesitate to take the next and obvious step that, in the opinion of this Indorser, would infinitely increase the effectiveness of the appeal, would increase the effectiveness of any savings appeal? Is it heresy to show the prospective saver what $1,000 will buy in bonds, in stocks, in safe investments specifically, and to show him his net return, to show him how to get some place by following a definite investment program? Having bought, wouldn't he come back for more? Meanwhile wouldn't he become the best prospect on all your books for safe deposit, for collateral loans, for the investment department, and eventually for insurance trust and even a living trust?

Yes, we are still quite young in this field of safe investment, despite our "blue sky" laws and better business bureaus and our glib slogan, "Consult Your Banker." Some day, somewhere, some bank will tackle it in a really big way. We personally would travel far to watch it from the side lines and help boost it.

H. S.

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*The Hupmobile Parts Display takes the mystery out of the motor car. It gives you the facts that count.*

Up to the time Hupmobile produced its Quality Proof, nearly all motor car salesmen worked on the theory that the less mechanical facts the prospect was burdened with, the easier the sale.

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Vol. 9, No. 2 — The Burroughs Clearing House — November, 1924

# Banking When the Town Strikes Oil

## Problems That the Bank Must Meet in the Oil Country When Dealing With a Temperamental and Highly Nervous Business

*By* ARTHUR F. McCARTY

EVEN to the resident of a section producing oil, the figures of the oil industry are surprising; to others, they are little short of amazing.

On August 1, 1924, the United States was producing more than two million barrels of crude oil every day, Sundays included, worth two and a quarter million dollars at the wells. At the beginning of the year ending on that date, the average daily production of oil was slightly lower, but in the year mentioned the enormous total of 700,000,000 barrels of crude oil flowed or was pumped from wells in this land of the free and the home of the wildcatter.

During the first part of that year oil prices were higher than at the end, however, and the average daily value was about the same throughout the period. The year's production was worth more than *one billion dollars.*

That was before anything had been done to it to prepare it for use. The finished products of crude oil retail to the public for about two billion dollars annually.

Something like one-half of the oil produced in the last year came from new wells, drilled at an expense of approximately $500,000,000, and at that, little more than the depletion of old wells was compensated for. One-third to one-half of the total quantity of oil coming from a well during its lifetime reaches the surface of the ground in the first two years or less. If it were not for this "flush" production, which enables the prospector to recover his cost in a few months, the many dry holes that inevitably occur would cause the wildcatter to perish and drive the conservative producer from the face of the earth.



In no other industry in the world does the procuring of new sources of raw material entail such enormous expenditure. The production of oil must be kept up, or high prices to the public will prevail, yet the public generally has never realized that it is costing half a billion dollars per year to do it. In other words, about 25 per cent of the total retail price of all products made from crude oil is put into the producing end of the business every year.

To localize this, four counties in Oklahoma produced, in 1921, 26,750,000 barrels of oil. During the last two and a half years, 3,695 wells were drilled there, with an *initial* production of 1,773,000 barrels per day. And yet, all of the wells now producing in those four counties, these 3,695 added to those already there, are now producing only 181,000 barrels per day, or at the rate of some 66,000,000 barrels per year. The foregoing serves as a startling example of the early depletion of production in any given field, and shows how constant must be the drilling and prospecting to keep the supply adequate.

THE consumption of gasoline, lubricating oil and all other oil products increases by leaps and bounds, and it is evident to the most ordinary intelligence that new fields must continually

be found or depletion of stocks with consequent high prices will ensue. The chap who pioneers in an undeveloped area, therefore, and puts down his wildcat well, deserves the consideration of the public. Not that he is an altruist who spends his money in order that the public may have cheap gasoline, for he isn't, but because he is a very necessary part of an essential industry in these United States.

And it is with the producer, most often the producer of the wildcat variety, that the banker makes his first contact with the oil game.

To localize the matter again, consider the topography of the typical oil country, its agricultural poverty and unsightliness. The towns are slipshod and the farms run-down-at-the-heel. Debt rides the community to soul-terrifying weariness, and the banks and merchants wallow in a slough of despond. Comes a day when numbers of strange men appear about the "office" of the hotel, and after a time, a lot of machinery and heavy timbers are unloaded from freight cars and are hauled out to the "location." In a few days, the drill starts, and there is a mild sensation with a modicum of curiosity and interest. After tiresome weeks, during which doubt and hope alternate, the bit, punching away down there in the earth some thousands of feet, drops through the cap rock and a black fluid rises in a majestic column over the 84-foot derrick. We've struck oil! And in the language of the free speaker, the stuff's off. A sudden and almost frightening prosperity spreads over the community like a flood, and every little fellow gets a bit of it. Tom, Dick and Harry have money to spend —and spend it. New stores and offices spring up and a lot of new houses are built. Debts are paid, everybody is busy and on Easy Street. For the place has become oil country and money is the easiest thing to get there is.



A lucky "graveyard location"—the palings enclose a grave

PROBLEM? Not to worry about, apparently. But note that word "apparently," for it keynotes what follows. The trouble with these sudden gushes of wealth is that in their wake come hordes of new residents of a restless and unreliable sort, and it isn't long until old Seth Tucker, out on the Seven Bridge Road, where he has lived for fifty years and reared a large family, is caught kiting an unsound check and has to be arrested. Darn! What's the country comin' to, anyhow? The disease is so catching that only the strongest characters escape the pernicious desire to spend before the money comes in.

I have known bankers who sighed for the old days when they knew just what to expect of every man in the county under any given circumstances, but, of course, most financial institutions would be willing to take chances on embarrassment or worry ensuing from sudden rushes of prosperity to the head. What I want to be understood as saying is that banking in that community has become quite a different sort of business since the first oil well came in. The demands for credit no longer come from the ranks of the old-timers alone, but from the proprietors of the new Rosenweild's Department Store, from Rushem Quick, the lease broker, and from Miss Dolly Blondy, who came to town in an eight-cylinder car belonging to one of the promoters of the oil well now drilling over on the west edge of the county ten miles from the pool. The Rosenweild Department Store has spent $15,000 for mahogany fixtures, and left too little for paying merchandise bills; Rushem Quick has an option on an eighty-acre lease not more than three miles from the discovery well, and if he can get the money to carry it, it'll make him rich; Dolly has been left high and dry by her promoter lover and must have money to get back to wherever she came from, but doesn't tell it all when she asks the bank to lend her a hundred dollars. To pick the real from the sham after one has spent most of his life among folks whose every taste and habit have long been as well known as the palm of one's hand—well, a night's sleep becomes an achievement, instead of a fortuitous but natural process of nature.



A typical oil pool

With the new street paving, the new picture theaters, the new country club, and so on, the town becomes, shortly, an object of envy to neighboring communities just outside the reach of the oil man's easily-come, easily-spent dollar, and they begin to sigh for prospectors to come in and drill. Since there are always those who pose, at least, as prospectors, it isn't long until the nearest neighboring community gets what it conceives to be a chance at the grapes. Mr. George H. Ketchum registers at the hotel and in a surprisingly short time is well acquainted with the leading citizens. He begins with the bankers, and, if he gets by them, has easy sailing. His proposition is that he will drill a well on a "block" of leases he has secured just a few miles from town if the citizens will subscribe for a certain amount of stock in his company. He brings a geologist's report with him, and the "structure" is shown to be one of the best, if not *the* best, in the midcontinent field, so that the natural pride of the residents in their community is stirred, and a belief that oil is there is engendered, mostly by the hope that it is. In short, he makes headway, and finds that if certain persons can get a little accommodation at the bank to pay their stock subscriptions, he can make the grade.

The banker is between the devil and the too-deep sea, for he is in for a damning whether he does or doesn't. If he does, and the well is drilled, even if oil is found and that in paying quantities, it is a thousand-to-one shot that the citizen who has put in his hundred or thousand will never get a dime in dividends, and he charges the failure to realize huge profits from the operation up to the financial head of the town whose name appeared at the top of the subscription paper. If the banker doesn't, and the project fails to go through, he gets off at the same place of regret and reproach when held up to scorn as a hold-back. Or, again, if he does, and the well is drilled, but is dry, or runs into salt water and is ruined, he is called a fool for believing that oil could be found in such a God forsaken county.

ON THE other hand, suppose that Mr. U. R. Reliable is the man with the proposition, a driller or oil producer of known ability and honesty but lacking enough money to pay the cost of a prospect well; the community has seen its neighbor come into wealth through the discovery of oil; the land here also is poor and rough and rocky, and something like an oil strike is sadly needed to bring money into the country; the development of the potential wealth underground seems as legitimate an enterprise as the building of a new elevator or cotton gin or factory, and worthy in all ways of the co-operation of the bankers. The town strains its resources to raise the funds, a part at a time, much of it borrowed from the banks, and the drill starts on its way, making a hole half a mile deep at a cost of $50,000, with the outcome utterly on the lap of the gods. If oil is found, the driller splits fairly with those who invested, and everything comes out fine; the notes are paid and a lot of new depositors are added to the banks' businesses, what with the royalty money that flows to the land owners, not to mention the huge bonuses paid for leases on the land of others where wells have not yet been drilled. But if the well misses the pay by a foot, the men who led the way in this mighty effort to lift the community to the level of its prosperous neighbor suffer villification and abuse.

There are numerous other angles to this matter of banking in an oil country or a country near to oil development. When a new pool is discovered—that is, when a well has found oil in an area fifty or more miles from producing fields—the further development of that pool becomes straight business, and the nearest town of sufficient railroad, banking and hotel facilities is chosen forthwith by the leaders as headquarters. To that point the business flows as naturally as

(Continued on page 33)



Pumping on the beam and jack

# Playing to the Passing Thousands

## Accompanied by the Stage Manager, We Go Behind the Scenes of the Play Called *Window Display* and Pronounce It Good

*By* HARRY J. PLOGSTEDT
Assistant Secretary, Union Trust Company, Cincinnati



ONE night in June, three years ago, three men, much the worse for overindulgence in illicit liquids, might have been seen wending their unsteady way down Walnut Street in Cincinnati. The big chime clock on the Union Trust Building had just struck eleven as the gay hootchketeers hove alongside the brilliantly lighted display windows of the Union Trust Company, vowing in much broken and musically uncertain chords their eternal affection for that ancient damosel, "Sweet Adeline."

The verbal report by Farley, the bank's big night chief, gave few particulars as to the immediate cause of the subsequent disaster. He, however, remembered one very important thing. With the keen sense of humor of a Farley he related that from his post inside the bank he had noted that the vocal efforts of the trio stopped short on the last "Sweet Ad——." "An' if there hadn't 'a been a porkipine in the window, I'd a thought they wor afther jollyin' the advertisin' departmint with their 'Shweet Ad' shtuff."

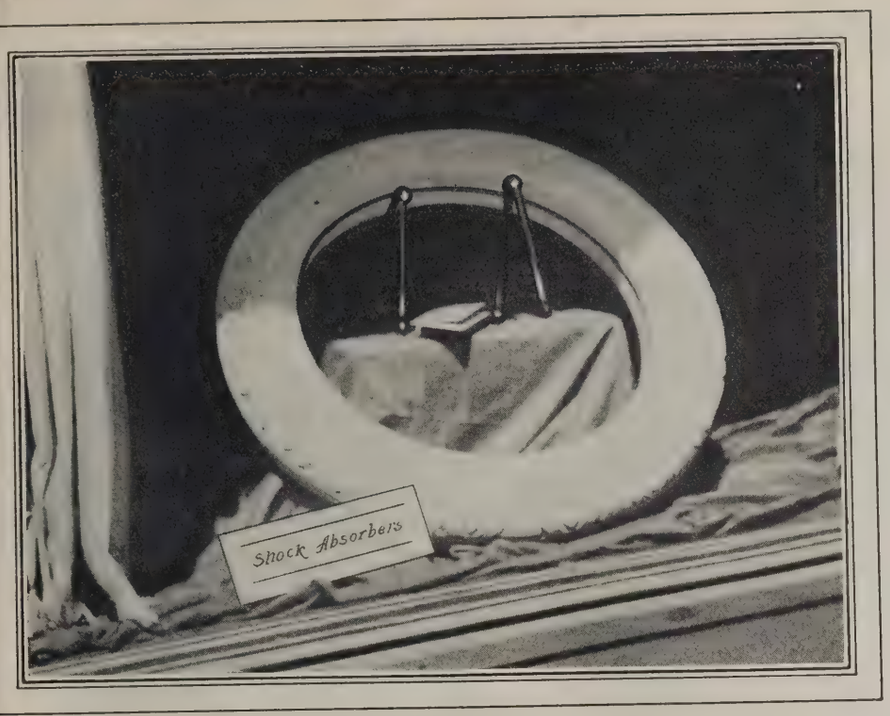
The full report of the incident disclosed the fact that upon arriving at the window the attention of the revelers had been arrested by a porcupine, a fine specimen of its kind, which had been placed there for a week's stay as an advertiser for the forty-fifth anniversary of the Cincinnati Zoo. Just what prompted their later indiscretion probably will never be known. However, it was related by one who claimed to have been an eye-witness that just as the unsure eyes of the inebriated ones lit on Porky, he, perhaps in protest of the trio's dissonant disturbance of his slumber, violently shot forth every quill in his body.



Whether their petrification upon perceiving the suddenly rigid porcupine was attributable to alcoholic imagination or not has ever since been a matter for speculation. At any rate they stopped dead, saw and sobered—at least to the state of malicious resentment. With a yell, "Lesh git 'im," one of the men grabbed a heavy stone from a nearby pile of repair material and crashed it through the window.

"If they wor drunk whin they came—Oi'm sure they left sober," commented 220-pound Farley in explanation of their having outdistanced him.

OF COURSE, there was nothing for the Union Trust Company to do but replace the broken plate. As for the porcupine, the attempted assassination meant nothing in his young life aside from the possibility that he may have learned thus early in his career that the way of the advertiser is uncertain and sometimes beset by unpleasantries. To the publicity department of the bank the incident emphasized rather forcefully the basic necessity for setting up window displays in such ways as result in purely mental reactions, free




from all physical demonstration, favorable or otherwise. As evidence that this lesson was thoroughly learned it may be added that since that balmy night in June there has been no recurrence of riotous disapproval of a display, although it must be admitted that not all of them, some 200 since then, have met with unqualified approval from that great army of critics, the passing public. Nor have all of them escaped criticism from the organization.

Which brings us to the crux of the thing; namely, what constitutes an effective window display for a bank?

I like to look upon a display from the viewpoint of the popular playwright. To "get it over" he must necessarily give his audiences such plays as they can most readily understand, assimilate and enjoy. The plot, then, is modern and crisp; it is easily digested and readily presents a human picture with more or less emotional appeal. Let's see how this works out in a window display. Let's take the three most important elements in this order: the picture, the appeal, and the one or two line tie-up card. All ready! Stage is set! Lights are on! CURTAIN! And there, ready for the eyes of passing thousands, is your window playlet, sans characters, sans lines, sans action, sans music. The important point, then, is this: having only a setting upon which to rest the success of a display, it becomes necessary to make that setting so dramatically effective as to arrest the passer-by through its general picture appeal. accomplish that, first of all, and you have "got" your audience. And you may be sure that, having arrested attention thus effectively, your tie-up card will be read, and your plot will score.

As an illustration, let me describe a setting that was the subject of extended demi-tasse discussion at a dinner at which there were present a number of lawyers, artists and writers. A report of this discussion came to us two months after the display had been run and indicated that those taking part had all seen it and had been favorably impressed.

The Picture: an old battered umbrella resting carelessly against a pedestal (which happened to be an old soap box) covered with dark green velour draped away from the pedestal.

The Appeal: lay in the passer-by's own curiosity to know why that rusty-looking umbrella happened to be in that beautiful window.

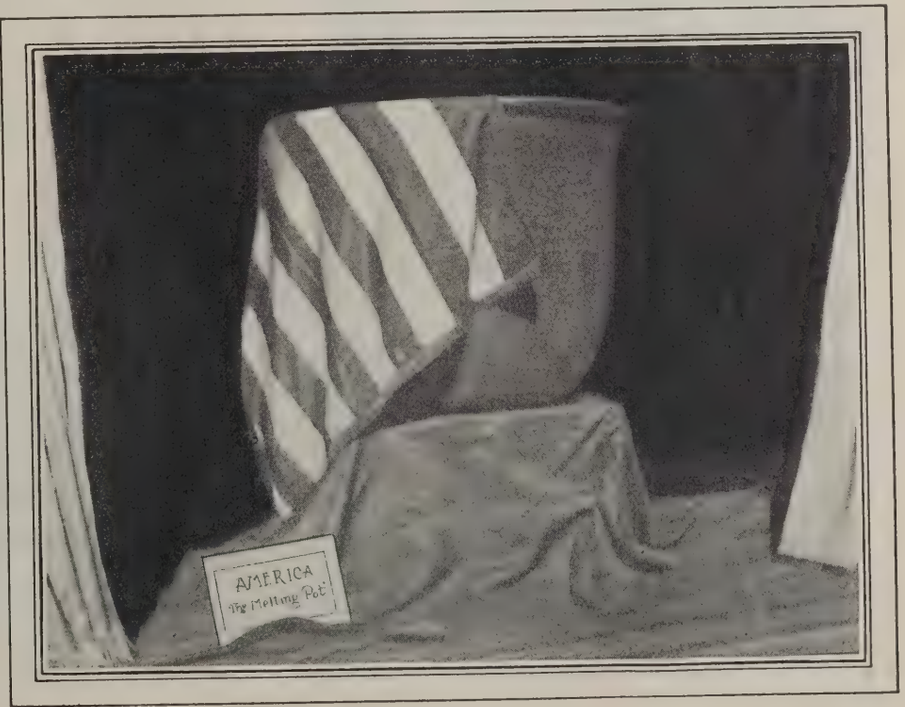
The Card: "Is This All You Have For a Rainy Day?"

It was with some misgivings that we used the ancient "rainy day" idea, but in this instance it proved the fact that a new dress will help out an old idea and it emphasized the virtue of simplicity plus sharp contrast.

WE ARE safe in the premise that a window display man or woman is, after all, a stage manager, possessing a sense of dramatic values, proportion and arrangement, and an ability to capitalize each effort as a whole in a practical way as a salesman-advertiser.

I have often been asked "How much business do you get out of your windows?" To which question there can be only one answer, "I don't know." I do know, however, that a very definite value attaches to reaching the army of daily passers-by through the windows. It is significant that people go out of their way to see what is in the windows. I do know that our customers discuss the windows with their families and friends. To be known as "the bank with the windows" in itself justifies their use. The windows do accomplish one thing: they fix your location definitely in the minds of passers-by, and while they are doing that they are also, reasonably, planting a few seeds of reformation in the hearts of callous wasters. Men of affairs and men with estates, too, may be observed gazing at the current

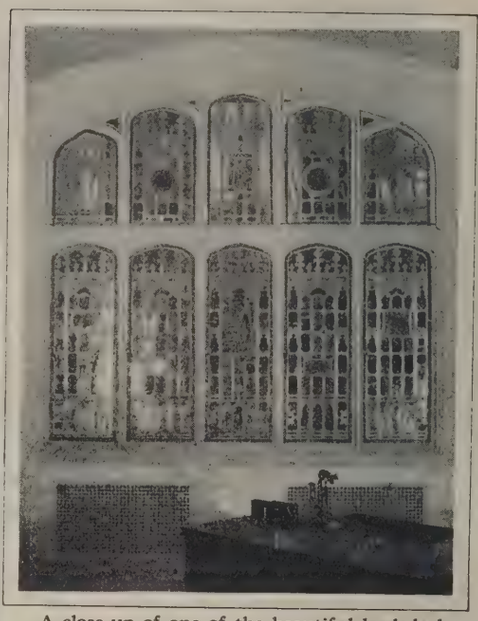
(Continued on page 41)



# With the Camera



Three views of the artistic new home of the Franklin Trust Company, in Philadelphia. The stairway from the main floor to the second, gives some idea of the effect of the vaulted ceilings. Below: the Fifteenth Street entrance—rich carvings and leaded glass windows



A close-up of one of the beautiful leaded glass windows depicting chapters in the life of Benjamin Franklin. The panes are of different hues, producing striking color effects when the sunlight filters through





Returned recently on the Mauretania from his first visit in fifty-three years to his birthplace in Ireland—William E. Knox, president of the Bowery Savings Bank of New York, and newly elected president of the AmericanBankersAssociation

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This is banking in July in California. It is the Big Bear branch of the Pacific-Southwest Trust & Savings Bank, of Los Angeles, high up in the San Bernardino mountains, thirty-seven miles from Redlands. Every night the staff packs the ink in excelsior to keep it from freezing



COPYRIGHT INTERNATIONAL

Perhaps the stock exchange in Berlin, Germany, isn't as active as it once was, but it is as beautiful as ever



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Gun-play and everything when Sheriff Matt Starwich, assisted by three deputies, captured an automobile-full of bank bandits at Tolt, Wash.

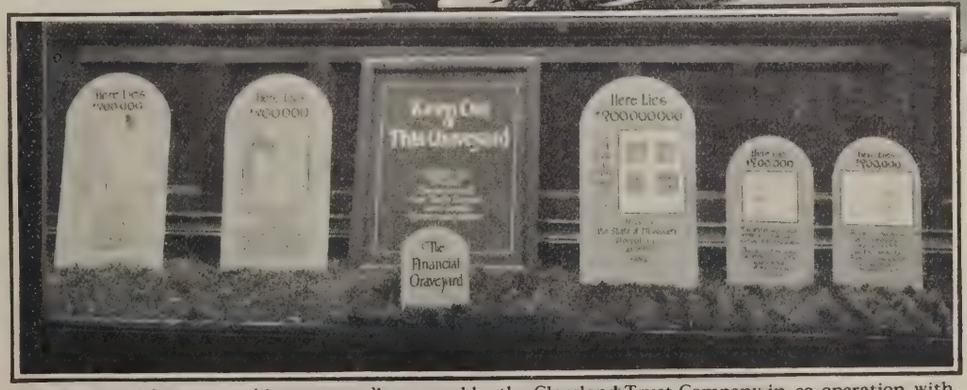


COPYRIGHT, KEYSTONE

A Chinese dealer in money exchange in Singapore. The Chinese characters carved on the back of his desk proclaim him




On the right: The new home of the Seattle branch of the bank of Cal.fornia, N. A., formally opened August 25. The building is in the same block that the bank has occupied for twenty years




A window-full of "graveyard investments" arranged by the Cleveland Trust Company in co-operation with the Cleveland Better Business Commission. The display of forlorn financial hopes attracted wide attention

# The Auditor=Guardian of the Bank

## The Methods of the Auditing Department Whose Efficiency Hinges on Its Authority, Independence and Alertness

*By* FRANK LOOMIS BEACH
Hibernia Commercial and Savings Bank
Portland, Ore.

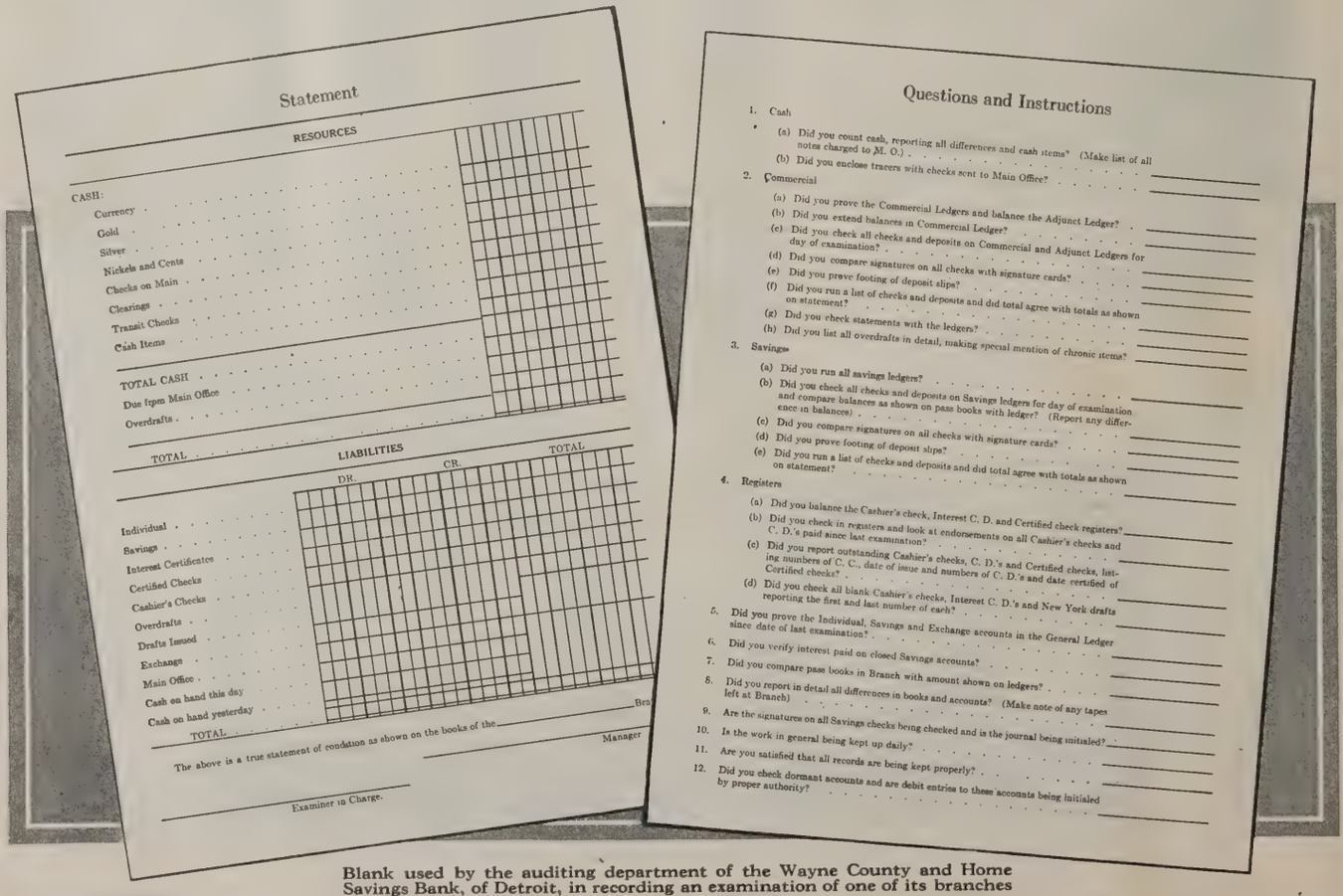
BANK examiners are interested in solvency, either immediate or ultimate. Their duty is to determine whether the assets are sound, and ample to cover all liabilities. Their aim is to make sure that the extension of lines of credit is on a sound basis. On the other hand the internal auditing department of the bank is not so concerned with the basic value of the assets as it is in responsibility for proper custody of the assets. Further it is charged with the responsibility of seeing that all income to which the bank is entitled is received, that the opportunities for dishonesty are minimized, and that efficient methods are employed.

If it is to reach its maximum usefulness, an auditing department should work directly under the board of directors. This is the plan of the Cleveland Trust Company and of some of the best organized banks. It is thus able to keep a reasonable detachment from administrative officers and to refrain from making original accounting entries. This makes it possible to maintain a proper auditing attitude and to criticize where criticism is due. This ideal is difficult to reach in small or moderate-sized institutions.

The aim of every auditing department should be to keep such close control of all branches of the bank's work that no dishonesty or errors of importance can go long undiscovered. In addition it should have the constructive duty of improving the bank's methods with the aim toward accuracy, safety, and labor saving. Among its duties should be the investigation of all differences reported by customers and the preparation of the many reports required by state and national authorities.

A properly designed system of accrual accounting, under the supervision of the auditing department, in itself furnishes a most valuable control. These accrual records may be either part of the general accounting system of the bank or in memorandum form. Accrual accounting works from the assets and figures out what income should be received, and from a budget estimates the expenditures. If net income collected does not reach these figures, the necessity of investigation is immediately signaled. No matter how well covered the leak, if any material amount of income belonging to the bank has been misappropriated it will cause a discrepancy to appear between the amount collected and the amount accrued.

There are further advantages to the auditing department from accrual accounting as this department has the responsibility of setting before the officers and directors a clear picture of the bank's earning position. Cash receipts and expenditure figures, when considered alone, may be distorted in any one month by large purchases of commercial paper, collections of back interest, or payment of annual or semi-annual expenses, such as for savings interest. Accrual figures give the truer picture.



Statement

RESOURCES

CASH:
Currency
Gold
Silver
Nickels and Cents
Checks on Main
Clearings
Transit Checks
Cash Items
TOTAL CASH
Due from Main Office
Overdrafts
TOTAL

LIABILITIES

DR. CR. TOTAL

Individual
Savings
Interest Certificates
Certified Checks
Cashier's Checks
Overdrafts
Drafts Issued
Exchange
Main Office
Cash on hand this day
Cash on hand yesterday
TOTAL

The above is a true statement of condition as shown on the books of the ____ Bra

Manager

Examiner in Charge.

Questions and Instructions

1. Cash
   (a) Did you count cash, reporting all differences and cash items? (Make list of all notes charged to M. O.)
   (b) Did you enclose tracers with checks sent to Main Office?
2. Commercial
   (a) Did you prove the Commercial Ledgers and balance the Adjunct Ledger?
   (b) Did you extend balances in Commercial Ledger?
   (c) Did you check all checks and deposits on Commercial and Adjunct Ledgers for day of examination?
   (d) Did you compare signatures on all checks with signature cards?
   (e) Did you prove footing of deposit slips?
   (f) Did you run a list of checks and deposits and did total agree with totals as shown on statement?
   (g) Did you check statements with the ledgers?
   (h) Did you list all overdrafts in detail, making special mention of chronic items?
3. Savings
   (a) Did you run all savings ledgers?
   (b) Did you check all checks and deposits on Savings ledgers for day of examination and compare balances as shown on pass books with ledger? (Report any difference in balances)
   (c) Did you compare signatures on all checks with signature cards?
   (d) Did you prove footing of deposit slips?
   (e) Did you run a list of checks and deposits and did total agree with totals as shown on statement?
4. Registers
   (a) Did you balance the Cashier's check, Interest C. D. and Certified check registers?
   (b) Did you check in registers and look at endorsements on all Cashier's checks and C. D.'s paid since last examination?
   (c) Did you report outstanding Cashier's checks, C. D.'s and Certified checks, listing numbers of C. C., date of issue and numbers of C. D.'s and date certified of Certified checks?
   (d) Did you check all blank Cashier's checks, Interest C. D.'s and New York drafts reporting the first and last number of each?
5. Did you prove the Individual, Savings and Exchange accounts in the General Ledger since date of last examination?
6. Did you verify interest paid on closed Savings accounts?
7. Did you compare pass books in Branch with amount shown on ledgers?
8. Did you report in detail all differences in books and accounts? (Make note of any tapes left at Branch)
9. Are the signatures on all Savings checks being checked and is the journal being initialed?
10. Is the work in general being kept up daily?
11. Are you satisfied that all records are being kept properly?
12. Did you check dormant accounts and are debit entries to these accounts being initialed by proper authority?

**Blank used by the auditing department of the Wayne County and Home Savings Bank, of Detroit, in recording an examination of one of its branches**

Comparative figures from year to year are of material value and reports of earnings and of expenses should be typed in parallel columns so the figures for the current year are directly opposite those of previous periods. The reasons for material variations should be sought.

SYSTEM work is possibly one of the most important functions handled by the auditor. The coming on the market of new mechanical devices and the expansion of a bank's business means the accounting system must be in a more or less constant state of development. New forms and new methods usually have to originate with a man who is somewhat removed from the actual detail, who knows the accounting system of the whole bank, who has the general background and who is acquainted with methods used in other institutions. These reasons have brought the designing of new forms, and questions of change of method, largely to the auditing department.

F X D 558

FOREIGN DRAWINGS CARD

DATE_____

CARD MUST BE HANDED TO AUDITING DEPARTMENT AT CLOSE OF BUSINESS ABOVE DATE.

| DRAWN ON OR THRU | FOREIGN AMOUNT | RATE | DOLLAR AMOUNT | OFFICERS O. K. |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |

The card used by the Hibernia Bank and Trust Company, of New Orleans, in reporting foreign drawings to the auditing department

In addition a considerable number of banks make the auditor responsible, wholly or in part, for the personnel. This may be open to the objection that it diverts attention from the primary duties of auditing.

The actual preparation or at least the final checking of reports of condition are done in this department as are usually all other official reports. This includes the income tax return, the capital stock tax, and various reports such as earning statements, dividend reports, and the like, to national, state, or Federal Reserve supervising powers.

The auditor of the fullest usefulness to his institution keeps informed on changes in the laws that will effect these reports. A proper handling of the bank's assets and the right methods of presentation on the returns often mean a saving in income tax, or a reduction in the local assessment levied on the bank's stock.

Outside of the official reports required by law the auditing department should make regular reports to the executive officers and directors, setting forth the position of the bank and listing the audits of departments that have been made since the previous report. These reports should be clear and precise and deal mainly with facts rather than opinions. Graphs showing the curve of deposits, of earnings, of expenses to deposits, etc., when properly designed add materially to the effectiveness of such reports.

The auditing department is responsible for detection of carelessness or dishonesty. In verifying assets to see that they are actually on hand, it works along the lines used by the examiners, although the greater time available and familiarity with the system and conditions should make it possible for the auditing department to be more thorough and certainly more frequent in its examinations. It will be handicapped, however, if it does not enjoy independence of action, official authority, and a certain aloofness from the departments under examination.

On cash counts the most general system is to count one cage a morning. This should be done on an irregular schedule so that no teller knows what day his cash will be counted. Care should be taken to see that there is no chance to borrow funds or to alter the figures used for balancing the cage the previous night. Work sheets on which the cash can be itemized by denominations and a record kept, help in the process of counts in a systematic manner. An excellent method is to count the cash through, accepting packages at the value shown by the strap, and seeing that the total of the cage balances with the teller's figure of the previous night. Then the packages of currency should be counted down and a few rolls of silver broken open and counted.

If the teller is permitted to carry cash items, care should be taken to see that they are authentic and that they are authorized. The best practice is to carry cash items all in one cage or in one department. Some banks lessen the likelihood of items becoming stale, by providing for the attachment of a slip which must be dated and initialed every day by the auditor until the item is removed.

The bank's bonds should be verified from time to time by count. Work sheets of all such counts should be kept, giving sufficient description by name and maturity dates to identify the issue, and showing the denomination and the amount of each as obtained by inventory. If any bonds are in transit or otherwise out on receipts, the details should be fully listed and the matter followed up to see that the bonds actually arrived and are accounted for. One method requires the auditing department to check and seal all outgoing shipments of currency or bonds. When examining a department, it has its own records and knowledge of items in transit. Bonds up as collateral, or in safekeeping at other institutions should be verified from time to time by correspondence, a self-addressed envelope to the auditing department being enclosed.

While counting bonds, the coupons should be watched to see that all are attached. Where there are many individual bonds of the same issue and denomination such as may be the case in the Liberty issues, it is convenient to keep them in bunches of 50 to 100. Each time a bunch is counted down, the strap should be initialed and dated. Care should be taken to see that the par balances in the ledger account are correct. Except with those banks that carry all bonds at par, these par balances do not correspond with any amount in the general books and their correctness can only be insured by checking back entry by entry. In larger institutions this is done as a matter of daily routine.

WHERE the bank is of sufficient size, and it is often possible in fairly small institutions, double custody should be arranged. This means that no one person has the entire combination to the compartment in which the bonds are kept.

Two persons must open the compartment and both must sign the record of the withdrawal. The best arrangement is where one of the two is a member of the auditing department and the other an officer. With such a vault record all new securities added to the vault or withdrawn can be checked against the day's record of purchases and sales.

Many auditing departments keep a card record of all bonds owned by the bank. This is a check against the amounts shown by the bond ledger. When coupons are clipped, the total credited to the general books must reconcile with the par balance owned and the coupon rate. Thus if on April 15 the bank owned $100,000 in 4th Liberty bonds, the credit must be approximately 2⅛ per cent of this amount, allowing for fractional cents, or $2,125.

The auditing department should run and balance the notes owned by the

bank. This should always be done at surprise dates. Care should be taken to see that all notes on hand are genuine and that they properly belong to the bank's assets. An excellent practice is to have the loaning officer initial the actual note at the time the paper is discounted. In every case where a renewal note is obtained and the old note has been retained, this old note should be stamped plainly across the face to show that it has been renewed, so that it can not be counted in error as part of the bank's assets. Occasionally it may be desirable to check the actual notes against the liability records, to compare with the credit lines, to verify signatures, and to go over the paper with the loaning officer concerned.

On mortgage loans all needed papers should be checked to see that they are on hand, properly assigned and otherwise in order. Trust deeds and mortgages should be recorded and an abstract, preferably extended to include the bank's mortgage or deed, with a legal opinion thereon or a title insurance policy in favor of the bank, should be in the file. There should be a formal written appraisal of the property signed by the bank's appraiser and initialed by the loaning officer. Insurance policies on hand should show by their dates they are in force, should be ample in amount and should carry a mortgage clause. If tax payments have become due since the loans were made, there should be receipted bills or other evidence in the bank's files that payment has been made. In some cases city liens may likewise require attention. Descriptions should be checked to see that they properly cover the property intended. A small photograph of the buildings is of assistance to examiners and on farm property a crop statement is desirable. On mortgage loans there are so many details to check that the auditor should have well-organized work papers so that each item may be checked off, making certain that no important point has been overlooked.

CHARGE off paper should be gone over from time to time to bring it to the officers' attention if collections are not being pushed and to make certain that all payments of interest or principal that have been received since the charge-off, have been taken up on the bank's books. It is advisable for the auditing department to keep a memorandum record showing the total of all charged-off notes. The actual items can be proved to this figure, making certain that none have been paid or misplaced and not accounted for.

There are several methods of verifying collections of note interest. Where practically every note is discounted and interest on demand loans or mortgage obligations is billed regularly, the auditing department may work from the actual notes the following day. All bills for interest, under this method, are proved by the auditing department before they are mailed to the borrower.

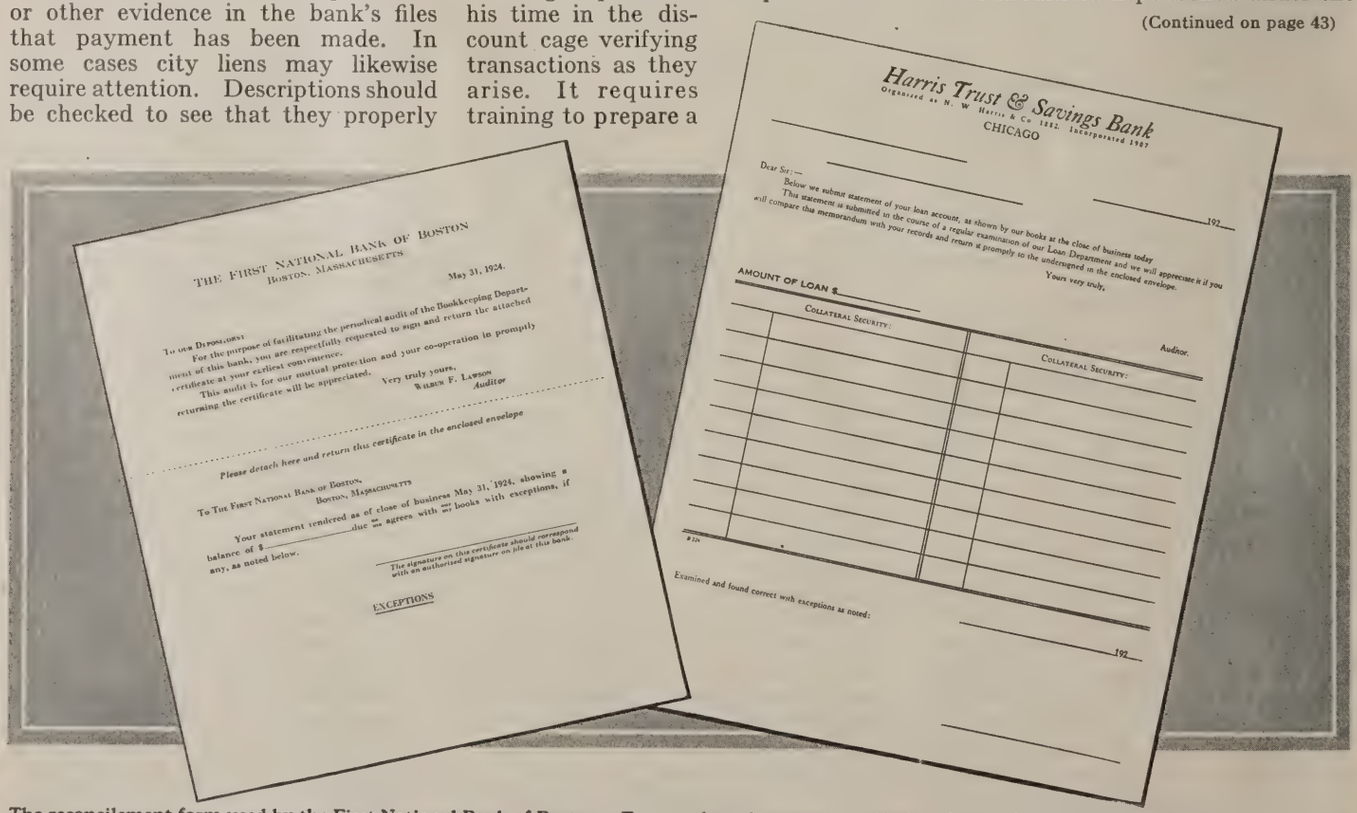
Another system used by some large banks is to assign a member of the auditing department to spend all of his time in the discount cage verifying transactions as they arise. It requires training to prepare a man who will retain the right auditing attitude when so continually in touch with the personnel who are making the original entries.

A third method, and probably the safest one, is for the auditing department to maintain a complete duplicate record of all notes. Payments of principal or interest are posted to these copies by the auditing department and are daily proven with the changes in the general books. All interest calculations are re-figured. This method involves considerable work, but protects in an efficient manner the bank's largest source of income.

Another important asset is balances carried with other banks. All of the reconciling is usually handled in the auditing department.

On the liability side, the auditing department may receive all paid cashier's checks, certificates of deposit, etc., and one of the members of the department stamps them off daily against the register, examining them at the time to make certain that indorsements and all other factors are in order. A reconcilement with the general books should be made monthly or oftener. If the officers keep a stub or memorandum of all cashier's checks and corresponding items signed by them during the day, these are collected by the auditing department and balanced daily with the credits of "drafts sold" that have gone to the general books. The reserve stock of blank forms should be kept locked under the

(Continued on page 43)



THE FIRST NATIONAL BANK OF BOSTON
BOSTON, MASSACHUSETTS

May 31, 1924.

To our DEPOSITORS:

For the purpose of facilitating the periodical audit of the Bookkeeping Department of this bank, you are respectfully requested to sign and return the attached certificate at your earliest convenience.

This audit is for our mutual protection and your co-operation in promptly returning the certificate will be appreciated.

Very truly yours,
WILBUR F. LAWSON
Auditor

*Please detach here and return this certificate in the enclosed envelope*

To THE FIRST NATIONAL BANK OF BOSTON,
BOSTON, MASSACHUSETTS

Your statement rendered as of close of business May 31, 1924, showing a balance of $_____ due us agrees with our books with exceptions, if any, as noted below.

The signature on this certificate should correspond with an authorized signature on file at this bank.

EXCEPTIONS

Harris Trust & Savings Bank
Organized as N. W. Harris & Co. 1882. Incorporated 1907
CHICAGO

Dear Sir:—

Below we submit statement of your loan account, as shown by our books at the close of business today _____ 192__.

This statement is submitted in the course of a regular examination of our Loan Department and we will appreciate it if you will compare this memorandum with your records and return it promptly to the undersigned in the enclosed envelope.

Yours very truly,

Auditor.

AMOUNT OF LOAN $_____

COLLATERAL SECURITY:

COLLATERAL SECURITY:

Examined and found correct with exceptions as noted:

_____ 192__

**The reconcilement form used by the First National Bank of Boston. Two or three letters are verified each month by stenciling the customer's name on the form, filling in the amount of the balance, and enclosing with the statements. The form (on the right) used by the Harris Trust and Savings Bank, of Chicago, in verifying the liability ledger and the collateral**

# A New Day—and Faith—in Thrift Week

## Emphasis on Safe Investments, Employment of the Radio and Other Suggestions for an Effective Program January 17-23

*By* E. A. HUNGERFORD

BANKERS and most of the substantial, forward-looking citizens understand the general purpose of National Thrift Week, January 17-23, 1925—our annual emphasis on thrift which has become a fixed event in our national life. The aim—to help our Americans think straight about money matters—is accomplished largely by stimulating, through the printed and spoken word, the negotiation of ten practical steps toward success. These are: Work and Earn, Make a Budget, Record Expenditures, Have a Bank Account, Carry Life Insurance, Own Your Home, Make a Will, Invest in Safe Securities, Pay Bills Promptly, Share With Others.

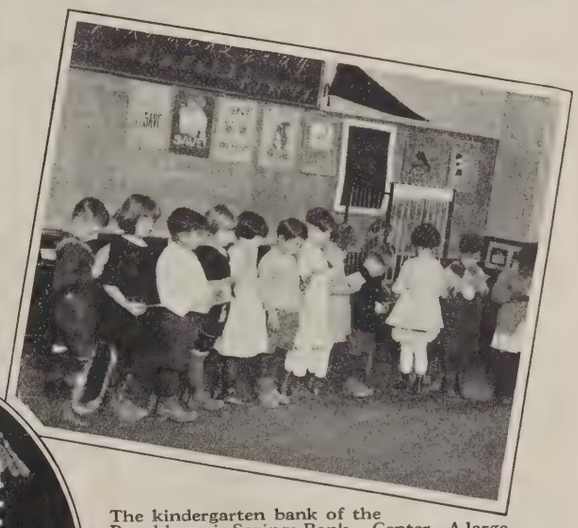
The days of National Thrift Week have a new feature. The last day, Friday, January 23, will be known as "Safe Investment Day" instead of "Make a Will Day." This change should greatly improve the value of this program to the nation's welfare.

"Make a Will" is still one of the ten basic points on which the thrift week has been built, but the committee felt that a more intensive effort must be made to halt the wholesale purchasing of worthless securities with the hard earned and carefully saved cash of our thrifty citizens. Some experts estimate that almost a billion dollars a year is wasted through fake investment schemes.

This new emphasis is an effort to help those who are thrifty, and have been for years, to conserve the results of their sensible money habits. It is a move which meets with the enthusiastic approval of banking institutions, especially since one of their main functions is and should be the dissemination of sound advice on investment matters.

National Thrift Week will open as usual on January 17, Benjamin Franklin's birthday, and his memory as the great American apostle of thrift will be appropriately celebrated. This date falls on Saturday and will also be known as "Pay Bills Day." Sunday will be "Share With Others Day;"








The High School Club of the Poughkeepsie Savings Bank whose members go in groups by taxi once a week to conduct school banks in the various schools. Below—A Junior Thrift Club representing various races

The kindergarten bank of the Poughkeepsie Savings Bank. Center—A large illuminated emblem on a prominent parkway in St. Louis during Thrift Week. Below—A Thrift Week shop meeting in Hartford, Conn.





Monday, "National Thrift Day or Bank Day;" Tuesday, "Life Insurance Day;" Wednesday, "Own Your Own Home Day;" Thursday, "Budget Day;" and Friday, "Safe Investment Day."

The bankers continue to take a major part in the local observance of the week, according to reports from cities in all parts of the nation. Of the Dallas, Texas, budget of $1,100 last January, bankers provided $300. Of Rochester's $2,496.65, the banks furnished $1,000. Of Houston's $1,170, the banking institutions gave $695. Of Lansing's $2,000 they subscribed $500. Of Hartford's $2,222 they invested $1,075. Realtors, life insurance interests and merchants were also among liberal backers of the movement.

New features for January, 1925, also include the organization of Junior Thrift committees. The idea was tried out last January in Trenton and found to be very effective. Along with the major campaign the juvenile organizations, like the Boy Scouts, Campfire Girls, Sunday schools and boys' departments of Y. M. C. A's, united and reached most of the city's younger generation—those who most readily adjust themselves to the ideals taught.

ANOTHER new feature will be a year round emphasis on thrift. The value of this has been demonstrated by the Detroit Thrift committee which saved 25 per cent out of its $8,000 budget for the promotion of thrift in that city twelve months in the year. Last year the Thrift Week movement really advanced to a month's emphasis on Thrift, as many communities carried their campaign actively throughout the entire month of January. Now January is to be the first month of a year's continuous effort in thrift promotion.

Another big new feature in 1925 will be the extensive use of radio. The value of this modern medium of communication was demonstrated conclusively in 1924. Plans are already completed by one organization to reach 75 per cent of the population each day of Thrift Week by radio.

A new feature in the materials produced at the national headquarters, 347 Madison Avenue, New York City, is found in the Diary and Budget Account Book—a vest-pocket diary which also includes facilities for the individual to keep his or her personal finances on the budget plan. This booklet will play a large part in the coming campaign.

The 1924 report indicates that a tremendous amount of newspaper advertising space was devoted to carrying to the millions of readers an inspiration to a better use of their money power. The newspaper medium will doubtless

(Continued on page 48)

# Those Dormants at the "Average National Bank"

*An Open Letter to J. J. Jones, Publicity Manager*

*By* G. PRATHER KNAPP

DEAR Mr. Jones:

Your experience in cultivating savings accounts, as related by Mr. James T. Tyrrell in *The Burroughs Clearing House* for August, 1924, is one that interests me strangely.

The conclusions about it reached by your bank's auditor interest me even more.

Frankly, it looks to me as if you and the auditor of your bank ought to change jobs, because he is the fellow that takes a human view of advertising problems and goes at them in a human way, while you are the chap that analyzes them into long columns of figures and concludes from the figures (I am using Mr. Tyrrell's language) that "there is something terribly wrong somewhere."

This being the case, you will perhaps not object to my talking to you as I would talk to a highly specialized bank auditor. I want to analyze your analysis and try to show you some conclusions that will help you with the cultivation campaign which Mr. Tyrrell says you plan for 1925.

First of all, let's look at your list and your way of obtaining it.

The figures given by Mr. Tyrrell do not indicate how dormant any one of the accounts listed by your savings manager, Mr. Hard, actually were. I would be interested to know this figure, but it can be guessed at from the fact that of the 5,000 accounts on the original list, only 2,345, or less than 50 per cent, could be reached by the post office of your city.

If this means anything, it means that one-half, and probably a good deal more than one-half, of the depositors whose names were furnished you by Mr. Hard, were not depositors at all in any real sense of the word. For all Mr. Tyrrell's article shows to the contrary, these people may not have paid a visit to your bank in five, ten, or fifteen years. They may all have been dead, or have taken up their residences in other cities.

As you and Mr. Hard both know, the depositor who draws his account down to a few cents and does not touch it for several years, is a close-out, so far as your bank is concerned. He is not dormant—he is dead. And, to use a Southwestern expression, he is "too dead to skin."

And then please note what the large percentage of false addresses proves of all the rest of the list—the people whose addresses were accurate. In many cases, they must have been old, dried, mummified corpses of dead relationships, and it is not surprising that so few of them responded favorably to your cultivation, and so many of them responded unfavorably by withdrawing balances from a bank which had paid them no attention for so long a period.

So much for the liveliness of your list. Now let us look at the quality of it, leaving the false addresses out of consideration.

YOU reached 1,359 depositors with balances between $1 and $10.99. Your tables do not give the average balance of this group, nor the number of accounts it contained below $2.00—both very important figures. They do show, however, that only 93 out of 1,359 reacted favorably to your campaign, while 13 reacted unfavorably by decreased balances and 122 reacted unfavorably by close-outs. The original balances of these 228 "reactors" averaged about $4. What did the other 1,131 balances average? Weren't they small as well as old?

Any careful savings manager will tell Mr. Hard that, under modern conditions, an account that opens for less than $5 is seldom worth having, and an account that draws down to

(Continued on page 37)

## Don'ts for Dormants

**Don't mail to any savings depositor whose account has shown no activity for five years or longer.**

**Don't mail to any savings depositor whose balance has been drawn down below $2.**

**Don't mail to any savings depositor whose balance is $500 or over.**

**Don't mail to any savings depositor who is making a deposit every two months or oftener.**

**Don't mail to any savings depositor that the post office cannot find.**

**Don't quit mailing to any savings depositor not included in the above classifications. Keep after him once a month until he dies.**

# Doing For a Family of a Half-Million

## How a Cleveland Institution Interests Its Depositors in the Service Provided by the Parent Bank and Its Branches

*By* I. I. SPERLING
Cleveland Trust Company, Cleveland

THERE is a dubious note in the expression of joy of a father of nine children who has just been notified of the arrival of an additional set of twins. For him, the addition is simply an increase in the overhead. Far more satisfactory to have his current offspring grow up and eventually contribute something to the earnings of the family.

The bank with a big family of depositors that is constantly adding new customers at a tremendous rate of growth, allowing for an almost equally large number of withdrawals, is in much the same position as the frequent father. It may pat itself on the back, but it is increasing its overhead out of proportion to the profit made. It is slowly but surely reaching a saturation point.

Doubtless the thought has often occurred to many a bank executive that it might be far better to develop additional business from present customers, at a greater net profit. The customers are already here. So are the services. Get them together with minimum effort.

When a manufacturing concern wishes to increase its business it increases first, the number of distributive outlets making it easier for people to buy the commodity, and second, the uses for the product and the line of products.

The Cleveland Trust Company has always held the view that the best way to get savings accounts is to make it easy and pleasant for people to save. A bank can perform no greater service than smoothing the path of the prospective saver. With that in mind it has set up in and near Cleveland fifty-three neighborhood banks which make it easy to save, not only because they are conveniently "around the corner," but because they are constant reminders for people to *continue* to save *regularly*.




That convenience is the thing prospective savers most want is demonstrated by the fact that through these branch banks the company is now serving over 415,000 deposit accounts, or more than any other bank in any one American city. Of this number more than three-fourths are savings accounts. New York and eastern banks and trust companies boasting hundreds of millions of deposits and comparatively few depositors, look aghast when told that the Cleveland company has fifty-three neighborhood banks and this vast number of deposit accounts.

Comes now the second of the accepted methods of increasing business which in the case of the bank means keeping the savers saving and interesting them in other departments as fast as their accounts indicate that they need the services of those departments.

In other words, sell the $600 account a safe $100 bond before the stock buzzards get to him; then rent him a safe deposit box to keep it in; as he buys more bonds, interest him in a living trust or an insurance trust, and so on through. The commercial customer may not know that the foreign department has just the service he's been looking for. And so on.

That program really itemizes the true meaning of the bank's hitherto general statement about "helping you to grow with us to success and prosperity." It discards, just as insurance men have discarded, the appeal to fear of death, sickness, unemployment and old age, and substitutes a definite program of financial progression.

At the Cleveland Trust Company the year 1924 was a particularly good one for such a program.

In a period of easy money, banks have a surplus of loanable funds and are anxious to employ safely, rather than add to, that surplus. Consequently, while not neglecting new savings business, we were able to divert our regular savings efforts into this new channel of collateral business from present customers.

THE company is noted for its sales force of 1,600 employees. So, with the program definitely announced, went this slogan for the use of the workers: "Grow with us. Do *all* your banking at the Cleveland Trust."

"This thought," the employees were told, "is being carried to the public by these advertising methods:

"Newspapers and periodicals—a

series of large-space advertisements featuring one branch and its manager each week, and telling a bit of neighborhood history as an interest-stimulator. Each also tells about some service or services peculiarly applicable to the residents of that neighborhood. Reproductions of these are placed in the lobbies of the objective branches as they appear in the papers.

"This same idea is carried out in regular scheduled advertisements in fourteen foreign language newspapers and in other publications reaching certain groups of people who have a common interest.

"It is our aim to distribute our booklets personally whenever we can, to people who we believe will really be interested in the particular service mentioned. The 'Banking by Mail' booklet is given to every depositor leaving our city and suburbs. A booklet describing our marine savings plan goes to Great Lakes sailors. Trust booklets, which are distributed on request or to people who are really truly prospects, are in the hands of the managers.

"You can help your salesmanship greatly by forming the habit of studying your customers and occasionally giving each one a booklet describing a service he or she ought to use, with a word or two to incite interest.

"Display—Our lobbies also reflect our slogan by means of posters which advertise various services and others to stimulate regular saving. We have cards in one-fifth of the city street cars; sixty billboards on the main roads into Cleveland and a few large city billboards in strategic locations. There are also billboards on our own walls and property with copy locating our branches.

"Our electric roof signs glow on six strategic roofs.

"Worthwhile window displays showing processes of manufacture and educational displays are used as well as those illustrating our various services.

"Other advertising includes the *Cleveland Trust Monthly*, which is proving of interest not only to employees but to a growing list now numbering 3,000 prominent people all over the world. We have just conducted a questionnaire to learn whether these folks like and want the *Monthly*, and we find they almost unanimously say 'Yes!'

"There are blotters on customers' desks calling attention to services other than those of the banking department. Pay envelopes stress 'regular pay-day deposits.' Calendars expected to be as popular as last year's will be provided, as well as holiday currency envelopes.

"We shall continue as heretofore to furnish real news and 'human interest' stories that the newspapers like to print.

"In addition the Publicity Department will seek to be of especial assistance to the New Business Department. It will prepare the 'advance agents' in the shape of circulars and special announcements which will often precede the personal visits of the salesmen."

AN interesting angle of this program was a "Plus Campaign" arranged by E. V. Newton, manager of the New Business Department and undertaken by the Managers' Club, the organization of the managers and assistant managers of the bank's fifty-three branches. This is purely a social organization but we asked them to sponsor a ten days' Plus Campaign during which they would compete with each other for the honor of making the largest number of friendly calls on substantial savings customers. The city was divided into four districts and a captain placed in charge of each. Each manager was given a quota of thirty calls and asked to report his results each day to the New Business Department. No prizes were offered, the managers being content to work for the honor of achievement.

A pamphlet was issued in mimeograph form carrying these instructions for the drive:

The Plus Campaign

*What it is—*

The Plus Campaign is a ten-day effort, sponsored by the Managers' Club, in which officers, managers and assistants at Cleveland Trust Branches will vie with each other for the honor of making the largest number of friendly calls on savings depositors.

This is in line with the bank's program of cultivating the good will and friendly relations of its depositors through personal contact.

*What to do—*

Select from your savings ledgers the names of thirty or more depositors who carry substantial balances.

Place these names on the savings survey cards enclosed and check to determine what services these customers are not now using. Thirty has been selected as the minimum number of calls each manager should make during the ten days of the campaign.

Each call made must be reported daily to the New Business Department to insure credit. Make your report of each call a real one. Don't put down just the name and address.

No credit will be allowed for customers interviewed in the branch lobby. This is a friendly *call* campaign.

Each worker is restricted to calls on savings customers of his or the main office.

This campaign is intended primarily to create good will. However, each manager is asked to report items of additional business or leads for future business which are secured as a result of these calls.

Report all calls and new business daily on the enclosed sheets.

At a dinner meeting preceding the campaign, attended by all of the members of the club, several talks were made by the captains of each district. This campaign bore wonderful results.

Owing to vacations and the fact that many of the offices were in the midst of figuring July 1 interest, some of them were unable to meet their quotas, but a total of 805 customers were actually seen and interviewed in ten days and thousands of dollars in additional business and scores of prospects for future business were secured.

All of these results were obtained because the spirit existed and because of the managers' belief in the value of this sort of activity even though no prizes were offered.

# The Workin's of Green Gherkins

*By* WILLARD E. HALE

There was an old lady named Perkins,
Exceedingly fond of green gherkins—
Too many, they say,
She devoured one day,
And they pickled her internal workin's!

I HOPE you will pardon the quoting of this venerable classic—but really I can't find any more truthful or picturesque allegory to express the state of the "inner workin's" of some of our banks today.

They're being "pickled," and it hurts.

You know our "green gherkins" as well as I do. The unprofitable checking accounts, of course.

But what most of us are trying to do is to get rid of 'em after we get 'em—sort of disgorge them, so to speak—instead of trying to curb our appetites.

For what most surprises me, and what many of us are really not aware of, is the amazing strength of the bank's long-developed appetite for "green gherkins"—for the very food that does the pickling and makes the bookkeeping department get the cramps.

Do you know of any department store in which you can buy even so small an item as a spool of thread, all the year round, for less than cost?

Do you know of any business organization with something to sell, which sells that thing all the year round for less than it pays for it—

Except a bank?

Yet most banks do this very thing, and have been doing it for years.

That is what is so surprising.

Even away back in the days when banks didn't believe in advertising, on

(Continued on page 28)

# The Customer Is Not Always Right

## The Advantages of Weighing All the Evidence Carefully in Complaint Cases and Standing Firm Against the "Grouser"

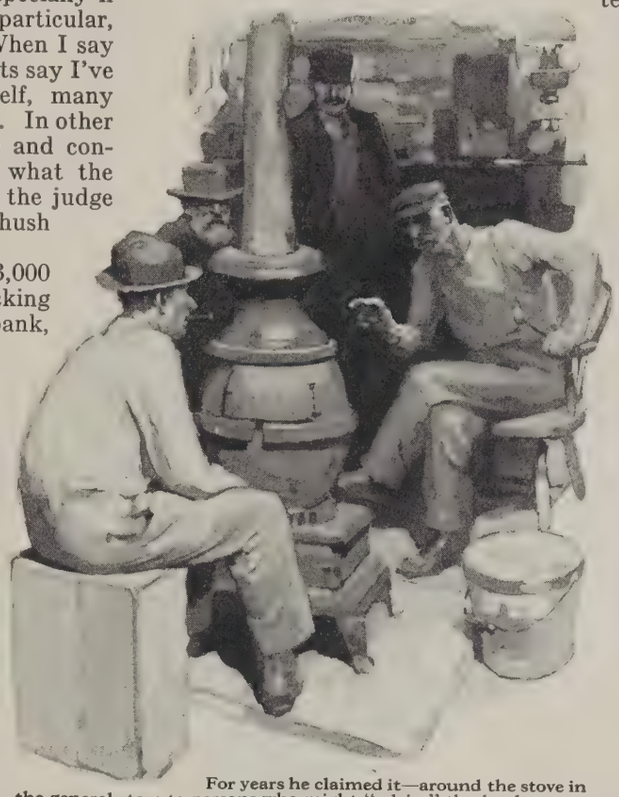
*By* PERCY GOMERY
Canadian Bank of Commerce
Vancouver, B. C.

EVERY banker will agree that it is a bad thing to have in the community a customer who thinks he's been cheated, especially if he "talks." And, in this particular, every customer will talk. When I say that I prefer having the courts say I've cheated to saying so myself, many bankers will sharply disagree. In other words, when my conscience and convictions are clear, I'll risk what the customer will say and what the judge may say rather than pay hush money.

In a certain town of 3,000 population where we were bucking the competition of an older bank, W. Carlyle deposited $75 to his savings account. The amount was entered in his pass book but in the account of M. Carlyle, a farmer. Three months later M. Carlyle appeared to draw $25 and his book was "written up."

"What's that $75 on the other side?" he came back to inquire.

"It's the money you put in last March," said the busy clerk. Later we took time to look up the original deposit slip and wrote M. Carlyle that the entry was an error.



For years he claimed it—around the stove in the general store to persons who might "advise" the bank to pay

Too late! M. Carlyle's easy memory had worked hard overnight. His wish to have been a depositor "last March" was father to the thought. The bank's letter might have been convincing but, unfortunately for us, we had recently paid $20 to another farmer who claimed short payment on a cattle check. We did this more to flatter the wealthy cattle man who had come in with the farmer to talk it over.

This farmer was subsequently heard to observe, "I warn't absolutely sartin, but 'twas worth goin' after."

These words were the sort that M. Carlyle loved to ponder in his heart. He decidedly "went after" that $75. For years he claimed it—bawlingly when visiting the bank, spittingly around the stove in the general store and whisperingly to persons who might "advise" the bank to pay. He did this until he probably believed we had appropriated his money.

But our Christian fortitude held out. And there was, in that locality, an abrupt discontinuance of claimants who weren't "absolutely sartin."

It is harder to deal with the claim of the steady business customer—the one who keeps books and does not have to guess about dates and amounts.

"It is my deposit ticket No. 147," a prosperous dry goods merchant told me. "My clerk says he handed it and the six tens to the teller Tuesday morning. When I brought the pass book in myself Friday there was no entry in your ledger."

"We supply the pass book for the purpose of entering and initialing every deposit at the time it is made," I replied and declined to take any action.

A month later a well-to-do widow claimed short payment of a check, but she had failed to count her money until she got home, so there was nothing we could do for her after the cash for the day had balanced exactly.

The teller appeared concerned and distressed at the incidents. One and possibly two or three other cases occurred during the winter and it was my turn to be concerned, because I do not like such things even once a year.

As part of a new office scheme I moved the teller into a bookkeeping position. He promptly got a job as teller with another bank—said he liked the cash best. When I'd almost forgotten the man, his bank called me up one day to talk about him. How had we regarded that teller anyway? He had caused them some embarrassment: first a hundred short and now in trouble with one or two of their best customers. They were letting him out. Of course I used a rear-vision telescope on his record. It was dotted with cloudy incidents. There was little doubt he had the widow's money, likewise the dry goods merchant's.

The happenings were nearly a year old and apparently at rest. To rake them up would be to make them famous, yet the couple of hundred dollars involved would be a cheap price for justice. It was really one of the hardest questions to decide. What would you have done?

There are cases where the law is surprisingly on the side of the person who says he is cheated.

During the war our short-handed staff was so terrifically busy that I had practically to take over myself the sale of government bonds to the public. The buyer generally paid for the bonds with his application, called later for an interim scrip certificate and eventually for his bonds. Our final balance revealed the disappearance of a receipt for $200 in bonds applied for by John Sherry. Over the telephone Mrs. Sherry said that they had received them all right and promised to have her husband call and execute the receipt in order to complete our records. This he did. Five months later they wrote asking when they were to get their "war bonds." All that Mrs. Sherry had meant to acknowledge was the bank's receipt for the money. Subsequently Sherry's lawyer served us with formal demand for delivery of the bonds, and our lawyers' written advice was that, no matter what receipt we held, unless delivery of the specific securities could be proved, we were liable. We settled out of court for the full amount.

Although our general manager agreed with me in disputing payment to the last ditch—or last ditch but one!—the head office does not always so agree.

We sold our travellers' checks to a

man going to Europe. With one check for $100 still unused, his pocket was picked in a Glasgow barber shop. According to his printed instructions he wired the London office to stop payment. In due course this customer came home and applied for a refund. I talked indemnity bond, but he would not see the point. There was nobody that he would care to ask, etc. While the parleys were going on about it the $100 check came through at our debit. London had paid it with a forged indorsement, their telegraphic warning notwithstanding. "O, hang it all!" our uninformed purchaser innocently urged the day after, "the fellow that robbed me would have destroyed that check anyway. You'll never hear from it again."

"But suppose we should?" I fenced. "Suppose we lost a hundred dollars on it and then had to pay you as well?"

"Humph!" he smiled with false confidence, "if that ever happened I'd share the loss with you, I guess."

"But will you do so?" I challenged him.

"Well, yes, I will."

"All right, here it is! We've paid $100 for it; now I'll pay you fifty more and the thing is done with."

Naturally I was a bit chesty in reporting to head office this shrewd compromise, but received an instantaneous reply to effect that, as facility, safety and security were the jealously-guarded watchwords of our travellers' check business, I must immediately seek out the purchaser and refund him the remaining $50. Needless to say the customer considered himself anything but cheated, and we probably derived some good advertising from it.

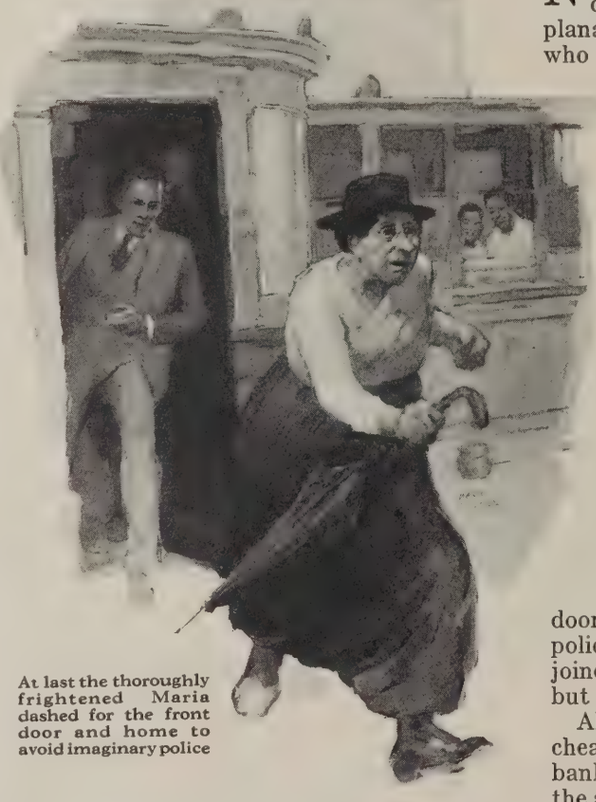
SOMETIMES there are sharp divisions of opinion in the same banking office as to whether the appetite of the supposedly-cheated shall be satisfied or whether it is best to let him go on claiming he's been cheated. A somewhat amusing instance occurred many years ago. I was the accountant or cashier in charge of the routine of a busy country office. In order to avoid reporting old inactive balances to the government as unclaimed, we had sent out notices asking depositors to claim their money in some way. A certain Maria Young had promptly brought in one of these notices and drawn out the balance of $107. We never saw or heard from this woman again, but, six months later, during my absence and that of the manager, another Maria Young (the genuine one) called, presented the pass book and demanded her money. The senior clerk had interviewed her at considerable length and refused to pay her anything.

"What in the world were you thinking of?" I exclaimed. "You can't make mistakes with people's balances and expect the real owner to stand the loss."

"Well," he argued as though supporting a conviction he could not express, "the other Maria Young and this one are cousins it seems—"

"I don't care who she was."

"—and the first one had her notice," he went on perspiring. I refused to accept the reasoning.



At last the thoroughly frightened Maria dashed for the front door and home to avoid imaginary police

"It was our mistake and we're liable," I closed the subject, and he could only urge, "I think if you'd talk to her yourself . . . ."

When the irate and excited depositor appeared before me I began to see things that were not mentioned in the regulations. It appeared that the two Marias were close friends as well as cousins, though their post offices were clearly different. The depositor Maria could not explain how Maria No. 1 had come in possession of the bank's notice. Under close pursuit of questions my interviewer admitted cognizance of some money that her cousin got from the bank six months ago. In short I sensed without much difficulty that the two of them had conspired to defraud us. In law we had only a worthless claim for our money against Maria No. 1; we would never have risked trying to prove conspiracy. On the manager's return he opened a threatening and almost blasphemous letter from depositor Maria. When I admitted her two previous visits he in turn exclaimed, "What could you and the senior clerk have been thinking of? Certainly we must pay her the money."

"Talk to her, sir," I suggested, "you'll see for yourself why we did it."

The letter-writer followed up the next day with a personal visit, at the end of which the manager dashed out of his office, flustered and scarlet-faced. "I'll be fired before I pay that woman a dollar!" he exploded.

NEXT week the inspector from head office appeared, demanding an explanation of a letter from Maria Young who had supported her claim by enclosing her genuine pass book issued six years ago by our branch. Yes, we told him, her statements were correct. The balance had been paid to another and we had refused to pay it a second time to Maria. "What in the world can you all have been thinking of?" the inspector glared at us, and then saved us the trouble of replying by adding, "I've told her to meet me here."

That afternoon, as the conversation behind the frosted glass commenced, we smiled quietly over our work. When the voices raised we smiled more widely. When at last the thoroughly frightened Maria dashed for the front door and home to avoid imaginary police, we laughed and the inspector joined us. It was primitive justice, but it was justice.

Almost any man supposes himself cheated when he is obliged to pay the bank money without receiving value: the accommodation indorser, the signer of the guarantee bond, the reimburser seeking to keep a relation out of jail.

The last named will at least keep his grouch to himself. As for the others, they do not deserve the sympathy lavished on them by uninformed public and overindulgent courts, so why should we bankers waste any of ours?

Trying to collect by law from a guarantor is to engage in a fight wherein the banker stands with his heels on the edge of a cliff. He may beat his opponent and floor him on a dozen counts; he may break down the guarantor's defense on nineteen out of twenty points, but if on the last point the banker is obliged to give ground—why, down he goes to rise no more.

There are two ways of preventing this type of supposedly-cheated: select your risks so as to avoid calling upon the guarantor, or make him do the

(Continued on page 27)




Fig. 1. Three good ones from Los Angeles

# Advertising the Depositors' Business

## The Method and the Motive Behind a Series on Local "Big Business" Run by a Los Angeles Bank; Other Publicity Ideas

*By* T. D. MACGREGOR
Vice-president, Edwin Bird Wilson, Inc.
New York City

THERE is a great deal of good bank advertising in Los Angeles. The group of newspaper advertisements (Fig. 1) represents two campaigns conducted by the Hellman Commercial Trust and Savings Bank, which proved successful.

Concerning the series on Los Angeles "Big Business," Douglas Buckler, of the advertising department, writes:

"The series captioned 'Big Business' is being run on the back cover of the Los Angeles Chamber of Commerce magazine, *Southern California Business*. As you will note, the illustration and a part of the text are devoted to the business of a depositor. We have found our depositors very much pleased with this publicity and it has served to make more generally known the fact that this bank is the depository for some of the city's greatest industries. We have evidence that this series is being watched with interest by big business men. Applications for this publicity come in much faster than we can possibly accept them."

Regarding the advertisements of which one headed "Make Your Dreams Come True!" is a sample, Mr. Buckler says:

"Our series on 'Buy $1,000.00 cash on easy payments,' stresses the fact that small deposits made regularly with a definite aim in view can lead to a really worth while trip and vacation or to almost any of the wished for material things in life. We have found that this series produces definite results where the usual savings ads pass by unheeded. In fact, we are confident that in this appeal to save regularly and systematically for a certain amount we have sounded the most important note in our advertising.

"We have found the reaction to this idea of 'buying money' rather than merely 'saving money' very favorable indeed. Instead of working against the other ads in the paper which are urging the reader to spend, we are meeting them on their own ground and displaying highly desirable 'merchandise' for sale."

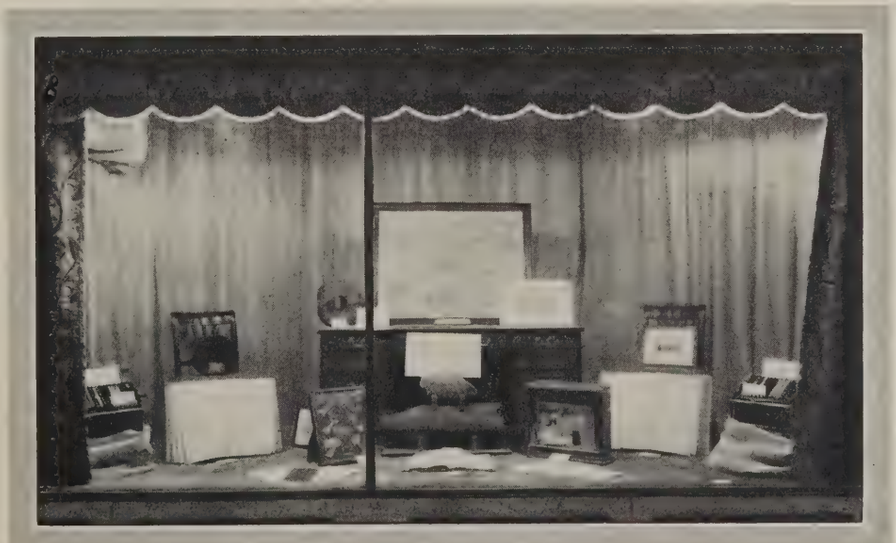


Fig. 2. An interesting window exhibit

AN UNUSUALLY interesting window exhibition was that of the Bank of the Manhattan Company, a photograph of which is reproduced in this issue (Fig. 2). It was in one of the large windows of its new banking rooms at Madison Avenue and East 43d Street, New York.

Pedestrians were attracted to the exhibit in great numbers. The space in front of the window was almost constantly occupied by passers-by, two and three rows deep, studying the bank's old records and other objects of interest. The most prominent feature was a large aeroplane photograph of the new uptown business and financial district adjacent to the Grand Central Terminal, in the center of which district the new office of the bank is located. On either side of this were two of the bank's old hand-ruled ledgers, so opened as to show the accounts of Aaron Burr and Alexander Hamilton, both of whom were prominently identified with the organization and early history of the bank. By way of contrast these two old accounts are also copied on the latest approved ledger forms, printed by the most up-to-date mechanical device.

A GOOD "location" ad is that of the Reserve Savings & Loan Company, of Cleveland, O. (Fig. 3), sent me by C. Franklin Hawk.

SINCE Wisconsin leads the nation as a dairy state, it is very appropriate for the First Wisconsin National Bank of Milwaukee to glorify the American cow as it does in its advertisement (Fig. 3) in connection with the World's Congress of Dairymen.

AN OLD standby in bank advertising is the use of a reproduced news item but in that trust advertisement of the Wyoming National Bank of Wilkes-Barre, Pa. (Fig. 3), it has been well handled.

IN REFERENCE to the baby-in-the-crib advertisement of the Bankers Trust Company, of Knoxville, Tenn. (Fig. 3), R. E. Gettys writes:

" 'Gettys is giving vent to his sentiment—rather than advertising his bank,' is a comment that came to us after this advertisement appeared. It is true the whole thing could have been expressed with three words—'Money To Loan.' Would that have been better? Constructive criticism will be appreciated. My desire is to get results for the bank and my sentiment is not to be considered."

The reply was as follows:

"I approve of the sentimental appeal and think it very much better than an advertisement headed 'Money to Loan.' The illustration, the heading and the copy will catch and hold the attention. But perhaps you have carried the sentimental appeal too far through the advertisement. It seems to me that if this were boiled down considerably and then, beginning about the words 'And into that room, while he listens—', an explanation were given of the unusual features of your loan plan and a suggestion that those who are interested would be given further information on request—or asking them to call and discuss it with you—the advertisement might get better results.

"One has the feeling, after reading the advertisement, that it is a beautiful piece of work, his sentiments are touched, but he is inclined to lose sight a little bit of the Bankers Trust Company loan plan. Then, too, the copy is long and the company's name rather too inconspicuous. The idea is well conceived and well executed with the exceptions indicated."

THE NATIONAL bank examiner ad of the National Bank of Commerce in St. Louis (Fig. 3) is the first one of its kind I have ever seen. Typographically it is a novelty, but rather hard to read with an average pair of eyes.

(Continued on page 26)

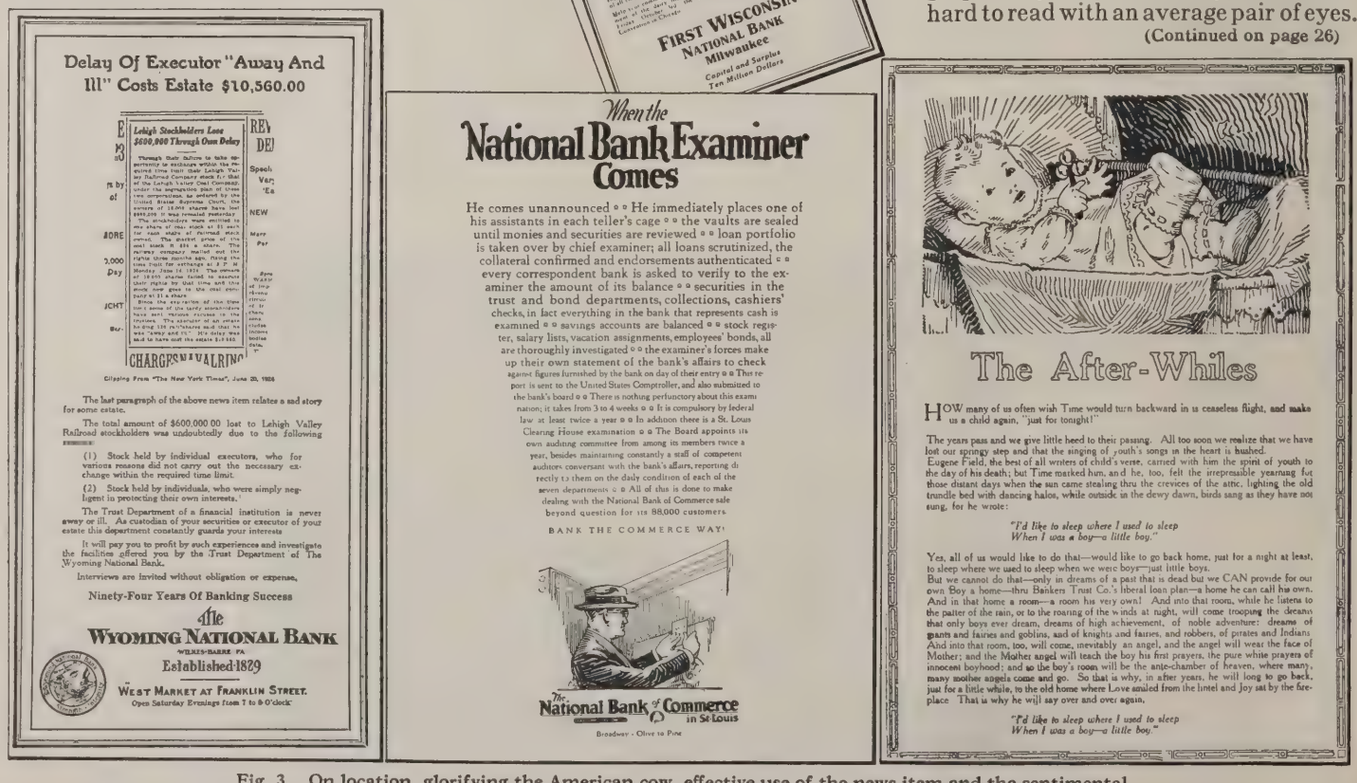



**Fig. 3. On location, glorifying the American cow, effective use of the news item and the sentimental appeal. The copy of the National Bank of Commerce (center) is good material but hard to read**

# How the Smith Manufacturing Company cut its premiums on forgery insurance in half

AT THE regular rates for standard forgery bonds, the Smith Manufacturing Company would have had to pay a net premium of $461.55 for $25,000 coverage for three years on its home office and adequate coverage on its six branches.

But the Smith Manufacturing Company does not pay $461.55. It pays less than one-half of the standard premium! Why?

Because the Smith Manufacturing Company is a user of the Todd Protectograph and Protod Greenbac Checks, and qualifies as a Preferred Risk.

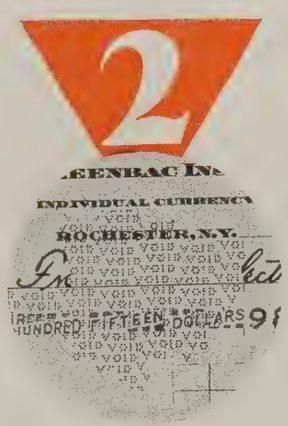
If you are already a user of the Protectograph or of the Protod Greenbac Checks, you, too, may be entitled to a reduction on your forgery insurance premiums. If you are not a user of these products, it will more than pay you to find out all about the Todd System of Check Protection.

Kindly use your letterhead in writing for detailed information on forgery insurance at reduced premiums.

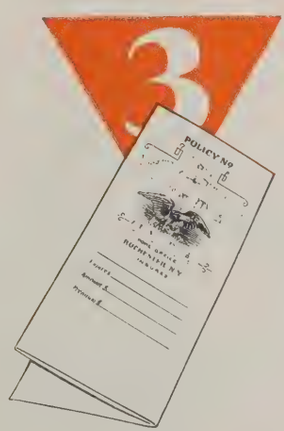
TODD PROTECTOGRAPH CO., INC.
*Established* 1899
1186 University Avenue Rochester, N. Y.




THE PROTECTOGRAPH, it is estimated, eliminates at least one-third of all check frauds by preventing raised amounts.




PROTOD GREENBAC anti-fraud bank checks, with their self-canceling *voids* and the restrictions surrounding their sale, eliminate another one-third of possible check frauds by preventing change of payee's name, date and number, as well as "counterfeiting."




STANDARD FORGERY BONDS cover the remaining check-fraud possibilities, namely, forgery of signature and forgery of endorsement, which no mechanical agency can prevent.

## TODD SYSTEM OF CHECK PROTECTION

# Use Kardex Business

## *A World-Wide Institute of Business Management*

### To Increase Your Cash Profits

Are you able to reduce overhead and operating expenses to meet changing conditions?

Do you know what increase in sales volume you can safely go after?

Can you apply to your own business the principles and methods of selling, manufacturing, purchasing, storekeeping and office management of the most successful concerns in your line?

Are you familiar with the latest methods of balancing your production with your sales?

Is your control of merchandise and other purchases helping you to bigger profits?

Can you scientifically select the right person for a job or replace undesirables?

Do you know how to protect a business against financial embarrassment or insolvency?

### A Million Dollar Endowment

$1,000,000 has been set aside by the President of The Kardex Company as an endowment for world-wide better business. This fund is being used through the Kardex Institute of Business Administration to bring within reach of every executive new knowledge of finance, management, selling, advertising, production, administration which cannot be obtained from books.

During the last decade new methods and controls for efficiency in business operations have marked for the science of management a greater advance than has ever been made in the science of mechanical production.

### A World-Wide Institution

At the Kardex Institute of Business Administration, operated through a world-wide organization, have been gathered leading experts conversant through practical experience with all phases of management.

These business experts are the faculty of the Kardex Graduate School, which sends forth each year hundreds of successful executives.

### Monthly Service and Reports

The Institute's findings are compiled into monthly reports which are mailed to all business men who register with the Kardex Institute. These reports make up a business service of great practical value to every individual responsible for business operations.

The Kardex service reports cover the researches of the Institute; subjects of finance, commodity prices, market reports, purchasing, production, distribution, sales, income tax, budgeting, accounting, credits, collections, costs, stock-keeping, inventory and personnel; activities of manufacturing, wholesaling, retailing, banking, insurance, investments and real estate. Included in these reports is a practical forecast of business conditions.

### The Executive's Guide to Profit

Most important of all, Kardex experts are available for conference or correspondence on all subjects of management. This unusual aid is given executives who want to stop losses or increase cash profits.

The Kardex Institute is the greatest clearing house for business ideas ever established. It has solved important problems for 150,000 of the world's leading business houses—no two alike.

Whether you run a retail store, direct a sales force or have a peculiar business problem, this service is indispensable. The first month will prove its value.



© 1924 The Kardex Co.

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Fill
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# Service and Reports




## mprove Your Business—Enroll Now

'RE the Kardex Business Service
orts with the Institute's timely
tions on selling, advertising, pro-
ance and general management,
otion, name and address must be
th the Institute.
e coupon. Mail it today. Make
ing point in your business. Substitute knowledge for guesswork. Instead of experimenting use the success of others. Think what it will mean to apply this vast fund of new ideas to the problem of increasing your profits. A nominal $5 fee for six months' enrollment is required, under the terms of the endowment, to permit a more general distribution among executives and future executives.

**KARDEX INSTITUTE**

(Endowed by American Kardex Company, Tonawanda, N. Y.)

601 Kardex Building, 10 East 44th St., New York City

London Paris Toronto

**Kardex Institute, 601 Kardex Bldg., 10 East 44th St., New York City**

Enter my subscription for Kardex Business Service and Reports, for which I agree to pay $5 for six months' service on receipt of invoice. I understand that I am to receive a monthly report service and advice on management, finance, selling, production and administration and any personal service I may need in connection with the solution of my own problems of business management.

Name .....

Position ..... Kind of Business .....

Street .....

City ..... State .....

(Continued from page 22)

THREE BANKS in Marshfield, Wis.—the First National, the American National and the Cloverland State Bank—united in a full-page newspaper advertisement welcoming people to the Central Wisconsin State Fair in September. The text was as follows:

"The associated banks of Marshfield, extend to our rural neighbors a hearty invitation to visit our twenty-second annual Central Wisconsin State Fair to be held in Marshfield on September 1-5, 1924.

"We want you to come in and use our banking facilities—get acquainted with our officials and employees.

"Consult with us on your financial or banking problems of all kinds—it is a pleasure for us to assist and advise you to the best of our ability.

"Our banks are all conducted on sound, safe and conservative principles and we welcome new commercial and savings accounts.

"Visitors are always welcome to make use of our rest rooms in our bank buildings which are equipped with all modern conveniences."

A MONTHLY business review has been published by the Northwestern National Bank of Minneapolis, Minn., for fifteen years. Regarding it the bank says:

"For fifteen years the *Review* published by this bank has appeared regularly every month. Its circulation has about doubled in the last six years and is now 16,000 copies."

Comments appearing in the *Review* are confined to the Minneapolis trade territory, the midland Northwest. Opinions and theories are advanced sparingly, the aim of the publication being briefly to present facts from the banker's standpoint, but without bias—a large order, it is admitted, but at any rate to present them as fairly as it can. Optimistic statements are indulged in only when they are warranted by available data, and the presentation of disagreeable facts is not shirked when a comprehensive survey of conditions is incomplete without them.

# Turning Counterfeit Money Into Bank Capital

*By* W. E. WALKER
Assistant Vice-president
First National Bank—Central Wisconsin Trust Company, Madison Wis.

WHEN the robbers come to town—well, that situation is taken care of pretty well. Either the gas bombs bomb or the burglar alarms alarm the inhabitants and the posse gathers armed with shot guns and Fords.

But when the counterfeiters come to town, the situation that obtains is usually quite different. They pass their perhaps hard-earned but none the less spurious coin over the counter and the teller accepts the business. When he later discovers his mistake, he calls in his associates and together they discuss and re-discuss the pros and cons, mostly cons, of counterfeiting as a profession. If this gossip permeates beyond the bank, even the sheriff may learn that the counterfeiters are in town and perhaps he may drop a few dollars on the curb to get the ring and renew his own confidence for the search. Within the past year two rings of counterfeiters have operated in Madison. Last fall they decided we needed some new ten-dollar bills. These boys are now where they need no money for current expenses. More recently others decided that the silver dollar should come into its own—at least in Madison—but they were very negligent of the silver part of the coin. The authorities are hot on their trail.

Banks have been talking safety for years and will rightly never cease to do so, for safety continues to be our first consideration—committee rooms, courteous tellers, women's departments and free income tax service notwithstanding.

When the average man thinks of safety, however, I believe he more clearly visualizes that safety feature as it is portrayed in bomb-proof vaults and counterfeit-proof tellers than in honest officials and conservative banking practices.

And so when the counterfeiters come to town, while we do not meet them at the city gates and escort them to their quarters, the advertising department feels it could almost afford to do so and redeem customers' spurious coins out of its own pocket—provided our tellers were able to make the discovery that they were in town and our advertising department were allowed to capitalize on the discovery as was done in the two raids cited.

When the counterfeiters paid us their first visit, naturally we were not adept at receiving callers of their exclusive set. However, our tellers, who have taken just pride in their money knowledge, were the first to detect the strangers' presence—they came so quietly. Accordingly, news stories were sent at once to both of our daily papers with due credit given, of course, to the fact that the First National tellers were on the job.

So insistent were the newspapers in following up the yarn, however, and in working with the federal officials and the local police that we decided that the time was still ripe for wide distribution of pamphlets on the subject of counterfeit detecting. The pamphlet was headed, "Holiday Time Is Harvest Time for Counterfeiting and Note Raising." The newspapers were glad to tie up with this educational program in their news columns.

Incidentally, the scalawags were caught but our pamphlet claims no credit for that, although the federal officials did ask for copies. Each pamphlet told all about the system



SAFETY
in all things

From The State Journal, Friday, April 25, 1924

Counterfeit Coins Found In Madison

The operation of another ring of counterfeiters in Madison was made known today by officials of the First National Bank-Central Wisconsin Trust company who were in touch with prominent merchants in the business section throughout the afternoon.

This time efforts of the counterfeiters are directed to circulating spurious silver dollars. Six counterfeit dollars were detected today by tellers at the First National bank.

The counterfeit dollars are good imitations of the real dollar, according to L. M. Hanks, president of the bank. All bore the date 1880.

Notwithstanding the many additional service features at The First National Bank - Central Wisconsin Trust Company, this Bank is, above all else, a SAFE place for you to keep your money.

This Safety is evidenced in battleship steel, bomb-proof vaults, in counterfeit proof tellers, in conservative banking practices and in a policy of honesty and integrity in all dealings.

The First National Bank is first of all SAFE—has been since 1854. We cordially invite you to enjoy the peace of mind afforded by this safety.

The FIRST NATIONAL BANK CENTRAL TRUST WISCONSIN COMPANY
The Old Reliable—Established 1854

Compliments of
The FIRST NATIONAL BANK CENTRAL TRUST WISCONSIN COMPANY
The Old Reliable—Established 1854.

*Holiday Time Is Harvest Time for Counterfeiting and Note Raising*

*The Utmost Vigilance is Required when Accepting Bills. Take Time to Examine All Notes Carefully*

Dangerous Counterfeits Now Circulating

The public is cautioned to use extreme care in accepting currency, due to the amount of counterfeit bills that have been put into circulation recently. The following enumerated counterfeits are very dangerous and some of them are circulating freely:

$10 Federal Reserve Note on the Federal Reserve Bank of Chicago, Ill.; check letter "D"; face plate number 333; A. W. Mellon, Secretary of the Treasury; Frank White, Treasurer of the United States; portrait of Jackson.

These counterfeits are circulating freely in different sections of the country, and though they should be easily detected, owing to poor workmanship, still they are very dangerous to careless bankers or citizens. Some notes have a very thick finish, while others have not. Apparently they are printed from etched plates. Seal and numbers good. On some counterfeits pen and ink lines have been made in imitation of silk fibre.

$10 Federal Reserve Note on the Federal Reserve Bank of Boston, Mass.; check letter "A"; face plate number 236; A. W. Mellon, Secretary of the Treasury; Frank White, Treasurer of the United States; portrait of Jackson.

Photo-mechanical production, probably printed from zinc plates on two pieces of paper with coarse fibre between. The notes so far seen bear serial number A38587640A, but other notes might have different numbers.

Other counterfeits, printed on a single piece of paper with no imitation of silk threads, evidently printed from same plates, were put into circulation. They bear check letter "A"; face plate number 1001. The notes so far reported have serial number A41711051A, but there may be other numbers used.

$20 Federal Reserve Note on the Federal Reserve Bank of Chicago, Ill.; check letter "A"; face plate number 207; back plate number 618; D. F. Houston, Secretary of the Treasury; John Burke, Treasurer of the United States; portrait of Cleveland.

Apparently photographic production on two pieces of paper, silk threads distributed between. Much of latticework on face appears solid black instead of having fine lines. Seal not good. Different notes have been seen with letters E, M, N, R and G prefixed to serial numbers.

Newspaper copy and the front page of the leaflet distributed

of numbering currency. It described the portraits and engraving on Federal Reserve currency of various denominations. Nothing was said, however, about detection of silver dollars from their spurious brothers.

The gangs must have observed this loophole, for recently came a flood of dollars of such caliber as to indicate that the boys were no amateurs. Again our tellers were the first to discover their presence in town. They caught six counterfeits the first day.

Profiting by the favorable publicity received in connection with the former operations, we rushed to the press with our story, so a good word for the First National Bank again appeared on Page One together with the necessary details concerning the counterfeiters' operations.

For example, one boxed first page story ran, in part, as follows: "The operation of another ring of counterfeiters in Madison was made known today by officials of the First National Bank—Central Wisconsin Trust Company who were in touch with prominent merchants in the business section throughout the afternoon.

"This time efforts of the counterfeiters are directed to circulating spurious silver dollars. Six counterfeit dollars were detected today by tellers at the First National Bank.

"The counterfeit dollars are good imitations of the real dollar, according to L. M. Hanks, president of the bank. All bore the date 1880."

Intent on serving our people to the best advantage and on giving them a first-hand example of protection in operation, we called all business houses as soon as the discovery was made. A roll call was thus issued immediately for all bad "silver" dollars.

As a further tie up we used an excerpt from the news stories in our newspaper advertising of the next day to stress the fact that the First National Bank is safe in all things.

Besides the newspaper excerpt in this advertising appeared the following copy: "Notwithstanding the many additional service features at the First National Bank—Central Wisconsin Trust Company, this bank is, above all else, a SAFE place for you to keep your money.

"This safety is evidenced in battleship steel, bomb-proof vaults, in counterfeit-proof tellers, in conservative banking practices and in a policy of honesty and integrity in all dealings."

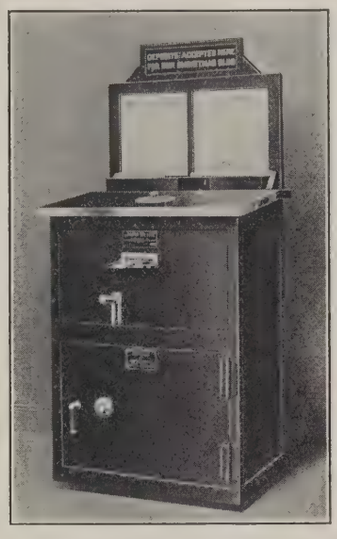
## The Customer Is Not Always Right

(Continued from page 20)

necessary prodding to get payment from the rightful debtor.

One very large bank issues instructions to each manager never to make


# Another Step Forward in Automatic Banking!



LIKE all other revolutionary inventions, The Auto-Teller has been steadily improved through the constant efforts of skilled engineers.

The latest model of The Auto-Teller operates by means of a dial, and accepts deposits of 25c, 50c, 75c, $1, $2, $5, $10 and $20. Checks can also be accepted if desired.

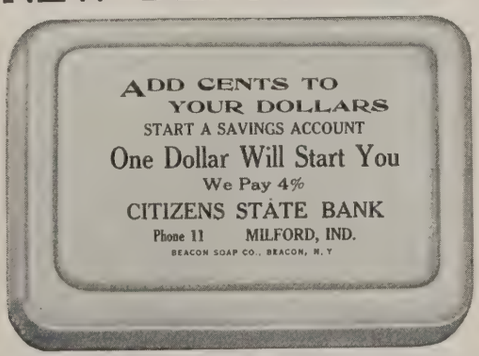
Manufacturing economies and rapidly increasing sales, together with the proven efficiency of Auto-Tellers in active use, now make it possible for us to offer The Auto-Teller Industrial Savings Systems on a "Results Guaranteed" basis, *the licensed bank paying strictly in proportion to deposits.*

In addition to its regular industrial use, the New Model Auto-Teller can be used for the collection of Christmas Club deposits in the bank, in factories, offices, stores, and any other places that may be desired.

*Write now and ask for the whole story—without obligation, of course.*

NATIONAL AUTOMATIC TELLER CORPORATION
217 Fourth Avenue, New York, N. Y. 410 Broadway, Utica, N. Y.

# NEW DEPOSITORS AT LOW COST




The above advertisement outlasts the cake of soap

THE advertisement of your bank will NEVER WASH OFF
**Beacon Advertising Soap**

It is an economical and practical medium to create good will and increase the number of your new accounts. Everyone uses soap several times daily, thus the name of your bank and a short sales slogan is before your prospective depositors several times every day.

Ask us now for samples, prices and more information about Beacon Advertising Soap.

BEACON SOAP COMPANY, Inc.
BEACON 19 Main Street NEW YORK

# THERE'S A REMEDY FOR THIS—



Every filing cabinet has folders that look like the one pictured above — overcrowded, bulging and hard to handle, and if you will observe closely you will find that these folders are referred to most frequently.

Vertex
VERTICAL-EXPANDING
FILE POCKETS

are a sure remedy for filing troubles such as these. Made of "Paperoid"—a tough red rope stock—they will successfully withstand the hardest handling.



Their bellows-like expansion will permit them to efficiently hold 3, 30 or 300 letters. They always stand upright in the filing cabinet with their index tabs in plain view ready for instant reference.

*The coupon below will bring you a sample Vertex Pocket for trial in your files. Send it today.*

CUT HERE

Please send for examination and trial a free sample of BUSHNELL'S "VERTEX" Paperoid File Pocket, as described in November BURROUGHS CLEARING HOUSE.

Name of Firm _____

Address _____

Name of Person Inquiring _____

Letter size or Legal size desired? _____

If special size is required, send sample of sheet to be filed, and give width and height of drawer

**To Alvah Bushnell Co., Dept. C.**
**933 Filbert Street Philadelphia, Pa.**


an advance unless he believes repayment assured aside from the security of the guarantor. Get the guarantee by all means, but only as an emergency measure. We are forced to the conclusion nevertheless that there is a practice among some timid bank officers not only to seek loans dependent on the guarantee, but of sugar-coating the significance of it—intimating to the guarantor that it is largely a matter of form and so forth. The eventual slanders uttered by the misled guarantor are the just due of such officers and nothing can be done.

In collecting from a guarantor I always bear in mind that his final humor is the only one that counts. Therefore in the early stages the rule to adopt seems to be the rule of iron. I must be as hard and unyielding as a statue. If I am disposed to show mercy it must be with regard to the last hundred dollars of his debt, not the first hundred.

IN CANADA today the banks are filling the gaping wound caused by deflation by creating profits in set charges for services rendered—a gentle art formerly relegated to lawyers, real estate men, notaries and the like. A few years ago because a man kept his account with you (or even if he didn't) your service anticipated his every need. And you didn't charge him for buying bonds, collecting his debts or writing his letters. O, dear no! And now, when you clip seventy-five cents from his monthly balance for conducting his profitless account, he supposes he's cheated. We just stand together and don't worry. Perhaps we remind him that a piece of liver used to be thrown in with the beefsteak, and that at one time refineries gave away gasoline to anybody who'd bring his own barrel.

But in a general way the customer who thinks he's cheated ceases to be a thorn in the side only to become a blot on the memory, and is to be avoided whenever possible. There is one point on which I am always tremendously sympathetic with the type—especially when the impression of having been set-upon is the result of sheer ignorance. When he or she embodies in the plaint the virtues of the rival bank, I am suddenly all agreement. Purposely I believe every word of it, and in fact can see nothing for it but that the account should be transferred there. Whether the "grouser" goes or not, his grousing is heard no more.

Returning to the most ordinary type, the man who thinks there has been juggling in his cash payments, either to or from the bank. I never give an official reply before the full history and all available facts have been tabulated and weighed, because any variation from that first decision is dangerous. A younger brother banker had refused to make up the amount of a deposit claimed to have been made by a customer's son, an urchin in whose pockets holes were always easily burned. The customer invaded the privacy of the banker's home one evening and began hinting dire threats. Finally he referred to the officer's social standing and that of his family, as a preliminary to the declaration that he would expose the affair in the press. My young friend had listened with mounting impatience and in the eventual silence looked his threatener coldly in the eyes and said, "Go to the devil, and do it."

The treatment was effective although, after a few years, my young friend will have realized that there is precious little justification for bidding anybody travel in that direction.

## The Workin's of Green Gherkins

(Continued from page 18)

through the days when banks were considered the most conservative of the conservative, when banks were building mausoleums and the public thought you had to have a pass to see the president, banks had begun to sell a part of their product at a loss, year in and year out.

And I cannot believe that it was merely because they didn't know any better, or because they hadn't figured their costs.

I believe that even in those days banks had in their minds (if one may use the term) a sincere idea of public service, a service to the small customer as well as the large one, a service to the householder as well as the business man.

But in the old days, before the great general public had become educated to the idea of the checking account, the proportion of unprofitable accounts, though they were invited by the bank, remained so small that their cost could easily be absorbed by profits from the large accounts.

Then came our modern industrialism, with its accompanying dissemination, among the entire public, of ordinary business methods—the charge account and the checking account.

And into the banks came a veritable flood of unprofitable individual checking accounts—more than the founders of this idea of banking service had ever dreamed of.

But by this time the idea of free banking service—no matter what the cost—had become a banking tradition. The banks went right on giving something away simply because they had been giving it away for years. The fact that the volume of this peculiar form of charity had increased enormously and almost disastrously, made little impression. In the public mind, too, the system has become almost

traditional. It was taken for granted, as a sort of public right.

Then came the present era of high costs and increased overheads—until today the matter stands at a crisis. Our "internal workin's" in many cases are really in danger of being pickled.

I know one case of a large bank in an industrial city which reported several thousand checking accounts with average monthly balances of less than one dollar! The actual cost of carrying these accounts ran over two dollars per month.

This problem is not one of analysis of accounts. There is no "float" to be considered here. It is partly a question of inducing customers to maintain higher balances—but fundamentally, it is a question of limiting a banking service.

Right there is where the "green gherkin" problem strikes a new note in the banking field.

For years our appetites have been voracious. We wanted everything. "No account too small." "Everyone welcome." We have opened our arms to the universe—and the universe has walked in and trampled all over us.

Now some of these "no account too small" banks face the necessity of reversing their policy of the outstretched hand and the all-welcoming arm, and actually denying a checking account service to people who cannot afford to pay the price—a minimum balance.

And it is hard sledding. It violates all the traditions of the past. It flies in the face of an impression fastened in the minds of the public by years of consistent "we love you all" advertising. It scares assistant vice-presidents half to death.

Yet something must be done.

The other day I overheard an experienced banker let off steam on this subject. I liked the way he did it.

"For the last fifteen years," he said, "we've been telling the people to come in and we'd give 'em something for nothing. And we've done it. We've liked it. 'Sure,' we said, 'here's our hat and here's our coat—take our shoes if you want to, we just love to give things away. That's our business. We're philanthropists. Some day we'll give you the whole bank.' And by gosh, we've almost done it. Now we're down to our socks and our trousers, and we're just waking up. I tell you, we've cheapened our business by giving service away at a loss. People don't appreciate it. They can't believe we have been such darned fools as we have been, and now, if we tighten up and say 'minimum balance,' they'll begin to talk about Wall Street and the Money Trust and What Chance Has a Poor Man Got, anyhow. But we've got to do it. I say, go ahead and tack on a minimum balance figure and a heavy service charge, and say to

1925

What will it mean in new business for your bank?

THE progress your bank will make during 1925 will depend in large measure upon the plan that you adopt now for developing new business.

¶ Experimenting is costly and consumes time and money needed for real constructive effort. That is why experienced bank executives refuse to allow themselves to be carried away by the numerous questionable schemes offered to them every day under the guise of advertising and business development.

¶ They are willing to let someone else experiment with these innovations, while they stick to the tried and proved methods that have been steadily producing business year after year for hundreds of banks in every section of the country.

¶ Bankers throughout the United States know Collins as a solid, substantial concern backed by a business history of over a half century and financially responsible.

¶ They know that here bank business development is a serious business, handled in a scientific manner by men whose plans produce results because they know from long experience what is needed in each individual case. We suggest that you learn what Collins Service has to offer you before making your plans for 1925.

**"What Does Experience Mean to You"** is a folder of vital interest to every bank executive who is interested in increasing the service and prestige of his institution. It will be sent without obligation if you will just ask for it. Write today.

THE COLLINS SERVICE

226-240 Columbia Avenue

*New York* PHILADELPHIA *Chicago*

## *Give a Bank Worth Having For Your Xmas Souvenir*




*Dimensions: 3½" long, 2⅛" deep, 2¾" high*

THE
"REAL HOME"
SAFE
*Packed in Holly Boxes*

This attractive Bank is known to be an account getter and a savings department builder at any season, and at Christmas time, especially.

Because of its beautifully enameled parts and novelty of construction it has won its way into thousands of financial institutions throughout the country.

Complete advertising campaign, including Window, Lobby and Newspaper material *without extra charge.*

WRITE NOW FOR PARTICULARS

*Order and you will re-order*
*—like other banks have*



*Showing bottom with coin trap and lock*

BANKERS THRIFT CORPORATION
**2240-42 No. Racine Ave., Chicago**

# When You Buy RIBBONS for Your Adding Machine

There are just two things that you want your adding machine ribbons to do for you.

*First*—**give neat impressions that will last year after year.**

*Second*—**stand up under hard usage for a long period.**

Burroughs ribbons are designed to stand up under all the hard usage that you give them day after day.

And while giving this unusual service they also register neat and lasting impressions.

Only with good ribbons is it possible to get records that will continue to be neat and legible year after year.

## *Order from Your Burroughs Inspector*

These quality ribbons are carried to your office by the regular Burroughs inspectors who service your Burroughs equipment.

Or, you can order ribbons direct from

Burroughs Adding Machine Company
Detroit, Mich.


the public, 'we've given you service long enough, and you don't appreciate it. From now on we're going to be business men. We're going to soak you what it costs us, or a little less—and if you don't like it, get out.' Then maybe, if a fellow has to pay for what he's getting, he'll have a little respect for it. He'll wake up to the fact that the banks are really performing a valuable service, instead of thinking that a checking account is his just right and due as a citizen of the United States provided he keeps thirty-seven cents in the bank and only overdraws his account five times a month!"

Isn't he right? Wouldn't you suspect any goods that a department store offered to give away month after month? Don't you think you are really getting something if you have to pay for it?

And the thing can be explained to the public. Not, easily but it can be done.

It would seem as if banks had actually gone too far toward the service ideal—so far, in fact, as to cheapen the public realization of that service as well as endanger bank profits.

The larger banks in a large city recently imposed a service charge upon all accounts under a certain minimum monthly balance.

For a while there was traditional wailing and gnashing of teeth. Junior officers blanched as account after account (average balance perhaps seven dollars) left the banks. Excited females indignantly withdrew their accounts from one bank that had imposed the service charge and took them to another bank that had imposed an identical charge! And when the story was all told, though there had been a very considerable swapping of accounts among the banks involved (this seemed to be the customer's idea of revenge), the great majority of customers accepted the minimum balance idea cheerfully and the only accounts lost were those that had been pickling the bookkeeping department.

And these accounts—these thirty-cent and two-dollar and twelve-fifty-two average balances—went to the smaller and newer banks in town, the banks that had not imposed the minimum balance rule.

These banks no doubt can carry them successfully for a while.

When dinner is set for three, a fourth can generally be squeezed in with little bother or expense.

But if three or four extra appear—

That means another dinner.

And so, as the numbers of unprofitable accounts increase in the smaller banks, adding to the number of accounts but necessitating more bookkeepers, machines, lobby space—

Sooner or later, these banks, too, are going to remember the ancient limerick about the old lady named Perkins.

# DON'T *SAY* IT!! *WRITE* IT!!

## Your Depositors' Balances are Sacred! Overdrafts are Very Expensive! And are Usually Due to Misunderstandings!

EMBARRASSMENT OF DEPOSITORS AND INVOLUNTARY OVERDRAFTS ELIMINATED BY OUR WRITTEN COMMUNICATION SYSTEM

## *BECAUSE—*

### *In Your Bank—*

The Telautograph will safeguard you against carelessness and misunderstandings in communication, therefore ELIMINATE most of the OVERDRAFTS in your bank.

The Telautograph record of a transaction where overdraft results is valuable for placing responsibility.

The Telautograph will end carelessness on the part of your employees because the bookkeepers and tellers are more careful when they write than when they use the telephone.

The teller will find it much easier to obtain information he requires before paying out money, because, as he can secure full information regarding a customer in less than one minute he will be less inclined to take chances.

And the beauty of the system is that it is *strictly private.* The depositor will not know that his account is investigated thoroughly each time he calls at the teller's window because the system is so rapid, silent and accurate.

* * * *

*The American State Bank, Detroit, says*: "Errors are impossible with the Telautograph. It is also to be considered that with the Telautograph there is no audible conversation which might lead to possible embarrassment for people at the window."

*The Guardian Savings & Trust Co., Cleveland, says*: "The Telautograph assures greater accuracy than any other method and by it responsibility can be readily traced because the paper shows the handwriting of the teller or the bookkeeper answerable for the inaccuracy."

*Mississippi Valley Trust Company, St. Louis, says*: "Telautograph equipment is doing absolutely everything that is required of it. Checking up a depositor's account is nothing more than a matter of a few seconds."

*Franklin Trust Co., Philadelphia, says*: "The Telautograph enables us in a quiet, efficient and secret manner to obtain information on our depositor's accounts, and always without causing embarrassment to the client who would, no doubt, resent having his account questioned by telephone."

*The Buckeye State Building & Loan Co., Columbus, says*: "We can heartily recommend your service in any business where it is necessary to transmit figures from one department to another."

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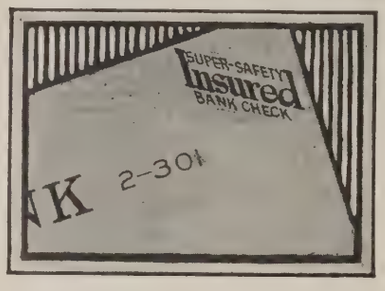
SHALL WE SEND OUR BOOKLET—OUR MAN—OR BOTH? NO OBLIGATION—EVER!

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To banks supplying Super-Safety INSURED Bank Checks, we furnish, free, a valuable program of advertising and selling assistance.

First, national advertising that reaches millions, monthly.

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These checks automatically insure bank and depositors for $1,000 against raised-check losses. Insurance issued by the Hartford Accident & Indemnity Co., one of the strongest in America—with more than twenty million dollars assets.

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THE BANKERS SUPPLY COMPANY
*World's Largest Manufacturers of Bank Checks*
New York Chicago San Francisco
Atlanta Dallas Denver


# The Compound Interest Column

*By* DON KNOWLTON

TIMES change. The same anxious, welcoming reception line which was on hand to greet the depositor in 1920 appears about to form this fall for the borrower!

We may have animal crackers and alphabet noodles, but so far, thank heaven, no one has come out with Mah-Jongg lump sugar—and tellers can still get back from lunch on time.

The loose-leaf-ledger system was all gummed up at the First National the other day. Somebody in the Bookkeeping had honey for dinner.

*Financial Difficulties*

She was well-dressed, a bit large for her age but all right, the cashier thought, sizing up Dick Kimble's new wife as she waited just outside the rail, tap-tapping her shoes impatiently.

At last he ushered her in.

"How—how—does one go about—borrowing money?" she gulped.

"Well, Mrs. Kimble—that depends, of course. How much did you want to borrow?"

The answer was prompt and explosive—

"Ten dollars!"

"Ten dollars! Why—ah—that's a rather peculiar amount, Mrs. Kimble—would you mind telling me—"

"Not at all, not at all—you see, early this morning I took Dick's new sedan out and ran into a fellow with it, and nicked the mudguard—not very badly, but Dick would give me the very dickens if he knew about it, so I took it right over to one of these paint shops and they straightened it out and painted it so it doesn't show the least tiny bit, but they charged me nine dollars and a half. And I gave them a check for it, and then I realized that my account would be overdrawn if that check went through, and I'd get an overdraft notice, and if there's anything in the world Dick hates worse than having me bang up his car, it's overdrawing my account, and besides if the notice came in I'd have to tell what I had to write the check for, so I ran over to Mrs. Henry's and asked her if she could lend me ten dollars, and she said she didn't have it but she could get it from Mrs. Kane across the street, and Mrs. Kane had it and lent it to Mrs. Henry and Mrs. Henry lent it to me and I deposited it in the bank so there wouldn't be any overdraft and I wouldn't get any notice and Dick wouldn't suspect anything. Now! Can you imagine such a thing as this! This afternoon Mr. Kane called up Mrs. Kane, and said he had to meet another payment on his new car this afternoon or lose the car, and it would take every cent Mrs. Kane had to do it, and so Mrs. Kane rushed over to Mrs. Henry and Mrs. Henry phoned me—and here I am, and I've just *got* to get ten dollars inside of half an hour to give to Mrs. Henry to give to Mrs. Kane to give to Mr. Kane, or he'll lose his car and I'll be to blame for it!"

(Tears, curtain and soft music, as they carry the cashier out.)

*Ballade of the Savings Teller*

Day after day, to my teller's cage,
Women and men with money dash—
Young and elder and cramped with age,
All with silver and bills to flash.
Onto the counter they often splash
Stacks which an hour's work entail:—
Where do they get all these piles of cash—
How do they garner these stacks of kale?

Here is a woman whose hands still show
Callouses gained from the work of years;
How could a soul but a teller know
Half the amount of the checks she clears?
Here is a man whose garb appears
Cheap as a convict's, fresh from jail—
Five hundred thousand, his fortune nears—
How do they garner these stacks of kale?

Money from overalls stained with soil,
Money from pockets I least suspect,
Money from palms which are creased with toil,
Money from fingers with rings bedecked—
Yet, though I watch their hoards collect,
Minus the method, it's no avail—
Just how are fortunes made or wrecked—
How do they garner these stacks of kale?

*L'Envoi*

Aladdin, thou prince of the lamp and ring,
Do me a favor, ere magic fail—
Tell me thy secret, how wealth to bring—
How do they garner these stacks of kale?

## Inspiration

A EUROPEAN critic says our building has no inspiring windows. How about the one where the paying teller stays?—*Akron Beacon Journal.*

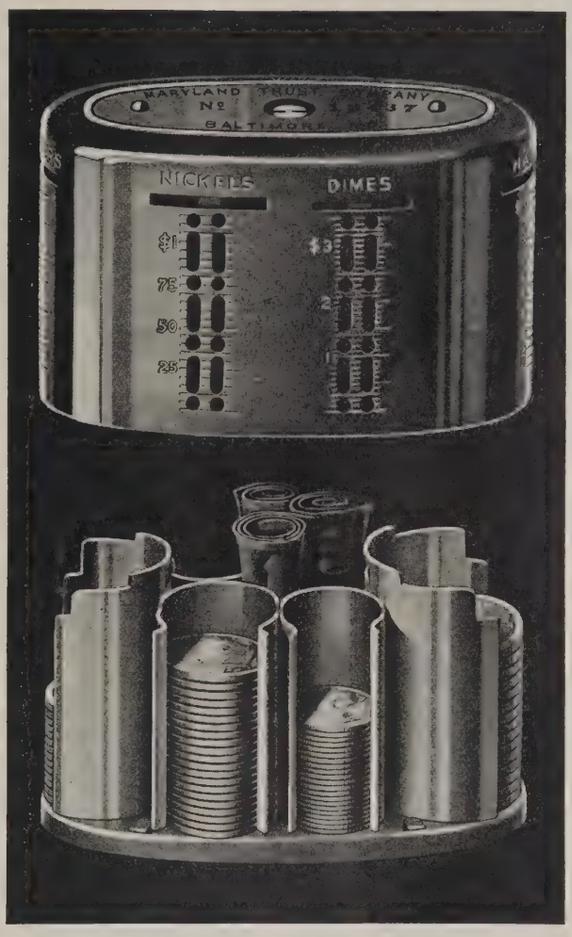
## Banking When the Town Strikes Oil

(Continued from page 7)

water runs down hill, for there the oil well supply stores, the refineries, and the operators themselves have located. The leases about the well come to have a real market value, and the traders in the leases open offices in the same large town and do business in terms of thousands of dollars. Automobile dealers, retailers of every sort of costly merchandise, builders of new houses for sale, and contractors busy hauling rig timbers and drilling tools all require financing. The banker must decide whether he will make the loans, and his decision, to be sound, must be based on the principles he has followed heretofore. But everything is new to him. The oil business has come to town; it is a legitimate business, when reduced to terms of production in a proven field, and he can no longer sit back and say, "I'll not touch the oil business;" for if he doesn't get busy and study it and find out when and where to say "yes" and when and where to say "no," his competitor will gather the juicy grapes. And they are generally of exceeding juiciness, what with the enormous sums of money involved in transactions of daily occurrence.

WHEN the field about the town has been drilled until what is deemed the limits of the pool have been defined, and certain early developed tracts have settled down to a steady production, banking in that community changes again somewhat, finding problems of a different kind. They are, today, the problems of the banks in such fields as Eldorado and Augusta, in Kansas; Burkburnett and Corsicana, in Texas; Cushing and Glenn, in Oklahoma; and in all the fields east of the Mississippi River. When a lease of, say, eighty acres, has produced all its "flush" oil and has settled down to an average of, say, 10 barrels per day from each of its 20 wells, it is still a very valuable property, for but comparatively little expense is incurred in the daily business of handling and marketing that 200 barrels of oil, worth $200 to $250 every day in the year. One-eighth goes to the land-owner, the other seven-eighths to the lease-owner, and the net income from such a property mounts into big sums more rapidly than compound interest. Such a lease has a ready market value, based on the daily production, and one would opine that there could be few businesses more steady and reliable than owning and operating such a lease.

But during the last few months the oil business has been experiencing one of those slumps that seem to come with annoying regularity. It is a nervous business at best, done at high tension.


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is the most effective help the bank can give its depositors in saving more efficiently. Efficiency in saving means more depositors at less cost. It is the aim of every successful savings department.

The Recording Safe is endorsed by a large proportion of the most important banks as the best means of securing that result.

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Safes packed in *Holly* cartons if desired.

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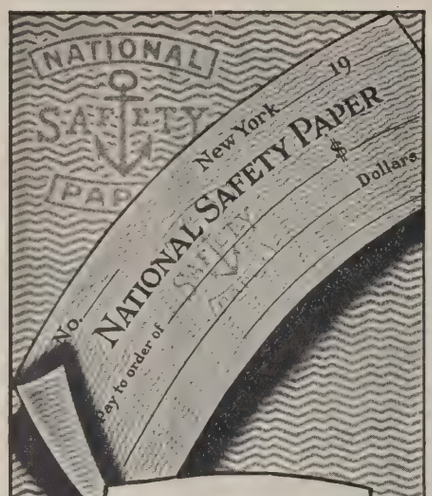
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Refiners and other buyers of crude are temperamental; at least, they seem to be swayed by the slightest market-affecting incident, and begin immediately to warn the producers against over-production at the littlest indication of a slack demand for gasoline. For instance, the spring was late this year; tourist travel was slow in getting under way, and the demand for gasoline was less than in the same months of former years; stocks of gasoline began to accumulate, and dealers in it, apparently forgetting that no year has yet passed without a summer, began shouting to the producer to curtail his production. He was told to cease drilling new wells and to cut down the runs from those already drilled so far as possible, and by the time summer arrived "pro-rating" of runs prevailed in some old-established fields, which means that the buyers would take but a part of the oil from any one lease. The lease owner could shut down his wells part of the time, which would probably injure them permanently (for an oil well is as temperamental as the oil buyer, and if denied its daily opportunity to flow or be pumped, may suddenly cease being an oil well and become only a very deep post hole) or he could keep them going, in which case he must provide storage tanks to hold the excess not taken by the buyers. Storage tanks are costly, and whether to build them or take chances on damage to the wells by a partial shut-down is the problem that Mr. Lease-owner must solve, frequently with the counsel and financial assistance of his banker.

THE word "temperamental" is hardly the term to describe the typical wildcatter; superstitious would be a better word, but is still a little off the mark. The wildcat prospector, however, is peculiarly subject to hunches and graveyard influences. To illustrate this, there is the story of a well-known oil man of Kansas who, about a year ago, took a geologist out into Russell County in the western portion of that state a hundred miles beyond the limits of any known oil field, had a structure mapped there and secured leases on the lands embraced within the geologist's contour lines. Some time afterward, he with some friends was driving over the district recently leased with a view to making a location for drilling. At a certain point in a large pasture, a jackrabbit bounded up a few feet in front of the party and sped over the hill and away, but the oil man immediately cried out, "There's my hunch; we'll drill the well here." The well was drilled there where they had flushed the jackrabbit, and in February, 1924, a 300-barrel producer was brought in, starting development that has since established the Russell field as one of great promise and, incidentally, bringing to the little town of Russell and to its bankers some of the experiences that have been cited.

Again, it is well-established history that wildcat wells located near a cemetery are lucky, for many big strikes have been made near the borders of burying grounds and few dry holes have been drilled in such locations. Indeed, well-posted oil men have told me that they had never known of a failure near a cemetery. And this brings me, quite naturally and logically, to the experience now being undergone by a certain community in Texas and to the problems of the banker there.

THE county looks like "oil country," the rule being that oil is most often found in broken regions, though there are notable exceptions, such as the Tonkawa, Oklahoma, field, which is located in a section of unusual sightliness and fertility. But the land in the place mentioned is rough, rocky, brushy, and generally unpleasing to the eye. What portions are tilled have long since been impoverished of fertility by the leaching of rain and sun, and crops are poor. The untilled portions afford very scanty pasturage for stock, and it is difficult to perceive what the country is good for—unless, perchance, for oil.

The people of that community are industrious and law-abiding, but as poor as the proverbial church mouse. They know and sigh for the things that oil can do for a community; prosperous oil towns thrive a scant forty miles away. A year ago, three citizens of the place, realizing the need for some outside cash and believing that oil lay beneath their hill farms, began leasing, taking the instruments to themselves as trustees, and when they had "blocked" an area four or five miles square, they set out to find some one to drill for oil. Thus they came into communication and negotiation with a Kansas man who organized a group of his friends into a little company.

The Kansas group frankly explained that its members did not propose to furnish money in the amount required to drill a well, but that it expected to finance the actual drilling by selling off part of the leases, to which the town boosters agreed. The managers of the company began trying to sell leases to the big oil companies who had made it a practice to buy such acreage on the theory that it was cheaper than to prospect themselves. But the big companies said, "Start your drill, then come and see us."

A rig had to be built and the well started, it seemed, and to do that some five or six thousand dollars must be raised. The Kansas manager



(Continued on page 36)

# IS YOUR BANK INTERESTED in the travels of its patrons?

*THE Service of the modern bank travels with its patrons.*

Not content with safeguarding their travelers' funds—through Travelers Cheques, letters of credit, etc.—banks everywhere are extending their service to cover practically every detail of travel—planning trips and itineraries, securing transportation, making reservations, etc., etc.

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Full details and information as to how this Travel Service may be extended to *your* patrons through *your* bank will be gladly furnished.

Many interesting and varied tours and cruises of exceptional appeal are offered by the American Express Travel Department for the coming winter. Chief among these are:

**Cruise Around the World:**—On the magnificent Red Star Liner, *Belgenland,* the largest and most complete and modern ship ever to make the trip. *Sailing west from New York December 4th,* 133 *days.* Visiting Havana, Panama Canal, Los Angeles, San Francisco, Hawaiian Islands (Hilo and Honolulu), Japan, China, Manila, Java, India, Ceylon, Egypt and the Nile, Palestine, Naples, Monaco, Gibraltar—with trips, if desired, thru Italy and Switzerland or Spain and France and England.

Under the combined management of the International Merchant Marine and the American Express Travel Dept., respectively, supreme in ship and travel Service, this cruise of the *Belgenland* is the dominating extended travel opportunity of the year.

**Luxury Cruise to the Mediterranean:**—4th Cruise of the famous *S. S. Rotterdam*—Holland American Line. *Leaving New York February 4th,* 1925—66 *days.* Visiting Madeira, Lisbon, Cadiz, Seville, Gibraltar, Algiers, Tunis, Athens, Constantinople, Holy Land, Egypt, Italy and the Riviera. The *Rotterdam* has proven her supreme fitness for the Mediterranean Cruise by three previous, similar tours. Every luxury on land and sea is assured.

**South America and West Indies:**—6th Annual American Express Cruise Tour. *Sailing from New York January 20th,* 1925—65 *days.* Visiting Cuba, Panama, Peru, Chile, Across the Andes, Argentine, Uruguay, Brazil, Trinidad, Barbados, Porto Rico. A most exceptional Tour—Two distinct Cruises in One. All the most interesting countries on both sides of South America. The inspiring trip—Across the Andes. And, in addition—the fascinating Islands of the West Indies, on the way back. The Splendid Pacific Liner—S. S. *Ebro*—going down—The new S. S. *Voltaire* (Lamport and Holt Line) coming back.

***In the interest of your patrons, who may seek your bank's advice on matters of travel this winter, let us send you full details on any, or all, of these and other Cruises and Tours—deck plans, itineraries, illustrated booklets, prices, etc. Address—Travel Department of the***

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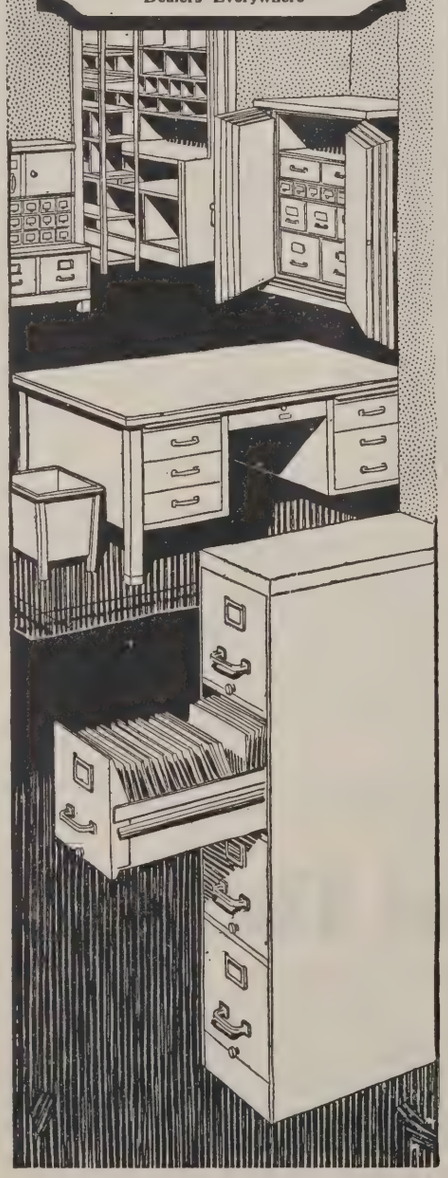
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**Long Life**—"All-steel" guarantees long life, beauty and satisfaction.

*Shelving, Files, Desks, Transfer Cases, Safes, Counter-heights, Sectional Cases, Accessories and Supplies.*

The General Fireproofing Co.
YOUNGSTOWN, OHIO
Dealers Everywhere



(Continued from page 34)

suggested that these first funds be raised in the community, and when leases were sold it would be paid back. The community went at the job and raised the money and the rig was set up and drilling started. The money lasted ten days and got the well down a few hundred feet. Meanwhile a feverish effort was made to sell leases, but by that time the spring slump had hit the oil business and the companies would not co-operate in the drilling of a wildcat well when, according to their views, there was already too much oil on top of the ground.

Nearly all of that six thousand was raised by means of notes at the bank; they were drawn for ninety days and have since fallen due; practically all have been paid, so that the bank is in the clear, so far as that transaction is concerned, but the well is shut down and whether or not it will resume operations is problematical. The saving feature of the whole deal is that the management is in the hands of honest men who feel that that Texas community is entitled to a prospect well, and they will do their darndest to get it drilled. Besides, the well is within a hundred feet of the border of the cemetery!

HOWEVER, we must not conclude that the only oil men who do business with bankers are the producers. The business of developing a real field may involve the sinking of a thousand wells, each more than 3,000 feet deep and each requiring three to five "strings" of casing, some of it 15½ inches in diameter, weighing 65 pounds per lineal foot and costing more than $2 for every twelve inches of its length. A well usually requires a new drilling cable, one or more new "stems" for the drill, new "sand-lines," and vast quantities of other equipment. Time is valuable with a daily labor and fuel cost of around $50 for each well, and there must be stores where these articles can be had quickly from stock. Branch houses, dealing in such merchandise, are necessary parts of the business life of the oil country town. Their financial needs are much the same as those of purveyors of farm machinery or flour mill supplies, and neither more nor less of a risk to the bank. Loans to such houses involve precisely the same principles as are involved in lending to the owners of a knitting mill or to a ship chandler, for they do not come into being until the pool has taken on the aspects of a real field, the further development of which, as has already been said, is just plain business.

The individual deposit of the typical oil man, the chap who is always one jump ahead of the drill and gets in on every new field, is sometimes a source of worry to his banker, for he may have $50,000 on deposit today and thirty days hence have used it all in the huge operations he has carried on with the undying optimism of one who has made big strikes before and may make them again, and the eternal hope of selling out for a million and quitting. But is it likely that the law of averages makes such deposits as valuable to a bank as the deposits of any class of operators whose transactions equal the sums involved in oil deals. For a choice, I should prefer the deposits of fifty such oil operators to those of the same number of operators on the board of trade grain markets.

PERHAPS the biggest problem and the hardest to solve that comes to the individual banker in a new oil town is, shall I invest personally, or not? Consider the situation: The banker is in the midst of affairs; he knows what is going on; the knowledge that his friends, Doctor Smith, Judge Brown and Merchant Gray, formed a little syndicate to buy a lease which they sold the next week for $10,000 profit split three ways, unavoidably reaches his ears; he is as eager to get ahead with his personal fortunes as those others, for which he cannot be blamed. Must he be barred from taking a chance now and then? Certain customers of the bank will grow uneasy, probably, if they hear he has entered such a venture, yet there is no sound reason why he shouldn't, and none at all except the weak one that it is dangerous because likely to lead to peculations if the needs of the enterprise get beyond the means of the men in it.

Well, what *should* a banker do when such an opportunity is opened to him?

Huh? What say?

Well, I suppose you are right, but I know plenty of chaps who wouldn't agree with you.

## Here is Consolation

BOSTON bank clerks not enthusiastic over their lot can consider the heathen Chinese and be consoled. When an apprentice enters a bank in Nanking he works a full year without salary other than board and lodging, and during the second year, if lucky, draws down as much as half a dollar a month to invest or squander. Furthermore he has to deposit about $50 as security before he begins work.

Of course munificence finally arrives. When the apprentice becomes an important clerk in the "inner offices," if with a big institution, his salary may total $11 monthly in addition to his prestige and board and lodging.—*Boston News Bureau.*

## Those Dormants at the "Average National Bank"

(Continued from page 16)

less than $2, is to all intents and purposes, a close-out.

Under these circumstances, the fact that only about 6 per cent of these small accounts, or 93 out of 1,359, could be stimulated into increases by twelve mailings, is significant. The surprising and interesting point is that these 93 brought their total balance from $389 to $4,756, a net increase per depositor of nearly $50. What do you suppose you could have got if your mailing list had contained no account under $5, and no depositor who had left the bank alone for longer than five years?

Now as to the second and third groups—balances $11 to $100—you got net increased deposits out of these two groups of nearly $11,000, and of course your figures, showing a loss of $80 for these groups on the whole operation, should be revised. Because, on your own showing, it cost less than $200 to put this $11,000 of new money into the bank, none of it had been withdrawn at the end of your year's mailing and there is no reason to believe that any of it will be withdrawn for at least five years to come. Some individual depositors will withdraw, of course, but the increased activity which you have created by your mailing will certainly maintain this figure for five years, and probably increase it.

Passing on to your last group, original balances of $100 and over, this group, you say, should not have been cultivated at all.

In the first place, there were a good many big, investable balances in this group. I know that just as well as if I had the ledger cards before me, because your 87 "reactor" accounts started out with an average balance of over $200. To get this average you must have had to carry a number of accounts over $500, and of course any old hand at cultivation of customers would have told you to leave such accounts alone.

You ran no risk and did no harm by cultivating all the accounts in this group over $100 and under $500. Your close-outs and decreases came from the larger accounts, as your figures plainly prove. You have 52 such close-outs and decreases, and the total loss in deposits due to them amounted to $9,863, an average withdrawal of nearly $190 per withdrawing customer.

You see what your original mailing list really needed was, first, a Turkish bath to remove the atrophied cuticle, then a hair-cut to get rid of the high balances, and last of all, some careful attention by a chiropodist to get rid of the low ones.


Autopoint

1925 Model



The Better Pencil Made of Bakelite

Build YOUR business this new way

Learn how thousands of firms used this superlative new pencil to build good-will and make new friends

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The things these men have learned are today accepted as standard everywhere in the pencil business.

One of these men discovered the **modern automatic pencil principle.** Now we have improved his invention in three big ways. This new pencil is Autopoint, 1925 model—made of Bakelite.

Its 3 exclusive new features are **guaranteed.** Everyone who has tried it has been delighted with it. Hundreds of thousands everywhere proclaim it the finest pencil they have ever known.

*How it builds for YOU*

You can use Autopoint to build **your** business. Many large manufacturers, business firms, are using it today to make sales.

Stamped with your name this gift is always **new**—a constant reminder of your house—when other "souvenirs" are discarded.

As a personal gift, stamped with friends' names it is very popular.

Read of Autopoint's 3 exclusive features. Think how your trade, your salesmen, will like this pencil! Write on your letterhead today for full details, prices, etc. Do not delay, write now.

Here are a few who use Autopoint for "good-will" building.

VACUUM OIL CO. — INTERNATIONAL SHOE CO.
CHEVROLET MOTOR CO. — SWIFT & CO.
"DELCO" — STANDARD OIL CO.
ILLINOIS CENTRAL R.R. — CANADIAN PACIFIC RY.
and many manufacturers, bankers, etc., everywhere.

*Autopoint's 3 Outstanding Exclusive Features*

1 The famous "neutral zone"--an exclusive patent. When the lead is exhausted, the feeding mechanism goes into "neutral"--it cannot "jam." This is what breaks ordinary mechanical pencils.

2 Bakelite barrel--an onyx-like, permanent light weight composition--like onyx --CANNOT dent or tarnish. Most beautiful substance ever used for pencils.

3 Simplest and smoothest working mechanism. Nothing complicated to go wrong --only two moving parts.

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No Reaching—Leaves Fingers Free
Speeds the Work—Protects the Health



Quickest, Handiest, Cleanest way for bookkeeping machine posting, handling papers, feeding presses. Consists of felt pad mounted on water reservoir which fits snugly in the hollow of palm. Made of nickel silver and will last for years. Sent postpaid for 75c each; 6 for $4; 12 for $7.20. Gold Plated, $2.50.

Money back if not satisfied




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## The Executive Committee Discussed It

"One of the recent articles in The Burroughs Clearing House was deemed of such importance that it was a subject of discussion at a meeting of our executive committee," writes R. R. Brubacher, cashier of the Toy National Bank, Sioux City, Ia. "We have found it expedient to install a file containing articles clipped from your magazine to which future reference can be made."



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This Cabinet contains 250 sheets 7¼ x 10½, and 250 envelopes 3⅞ x 7½ (known as our Confidential size). The paper is the same superlatively high grade as that employed by large financial, industrial and public institutions for making permanent records. It is especially adapted for scripts.

**Byron Weston Company Defiance Bond**

This stationery Cabinet contains 250 sheets 7¼ x 10½ and 250 envelopes 3⅞ x 7½. DEFIANCE BOND is a first grade, all rag paper, distinguished for its strength and dazzling whiteness. It is primarily a typewriter paper, but is also recommended for pen use.

**How to Order**

These cabinets are carried by printers, stationers and paper dealers. If you are not readily served, permit us to see that your wants are supplied. These B-W Stationery Cabinets make ideal man-to-man gifts.

**Stationery Sample Book**

We issue an interesting Stationery Sample Book which shows the above cabinets, Paper and Envelopes (that stick), in various weights and sizes, marginal rulings, manuscript covers, etc. Ask for copy.

## BYRON WESTON COMPANY

**DALTON, MASS.**

?

How about a Bank Magazine under your own name?

At a *Practical* Price!

P. M. REED
111 West Washington Street, Chicago

## GOOD RIBBONS

*Neat Impressions — Lasting Impressions*

Burroughs Ribbons are made to fill the two requirements of good adding machine ribbons. They give neat, legible impressions; they give impressions that last for years and years.

Furthermore, they are so durable that they will continue to give good service under hard usage.

You can order these high quality ribbons from any of the 220 offices of the Burroughs Adding Machine Company—or from any of the Burroughs Mechanical Inspectors.

**Burroughs**
Adding. Bookkeeping. Calculating. Billing Machines

*In writing to advertisers please mention The Burroughs Clearing House*

With all the accounts over $500 and all the accounts under $2 cut out, your list would have represented the sort of composite customer from whom more frequent visits would be profitable to the Average National Bank.

So much for your results in close-outs, increases and decreases, and for what they prove, if anything.

Now for your results in activities after certain mailings.

HERE are the facts about activity in new accounts for certain periods of the year, based on composite averages of a savings department over thirty years old, and now carrying close to ten millions in deposits:

| Rank | Month | New accounts 30-year average | Percentage of best month |
|---|---|---|---|
| 1 | January | 385 | 100% |
| 2 | February | 304 | 79% |
| 3 | March | 299 | 77% |
| 4 | December | 276 | 71% |
| 5 | June | 274 | 71% |
| 6 | July | 268 | 69% |
| 7 | August | 264 | 68% |
| 8 | April | 251 | 65% |
| 9 | September | 242 | 63% |
| 10 | May | 241 | 63% |
| 11 | October | 239 | 62% |
| 12 | November | 206 | 53% |

You state that your poorest months for reactions were the first, tenth, eleventh and twelfth. Supposing your first mailing in November, then your tenth, eleventh and twelfth were in August, September and October. In the thirty-year averages, November ranked twelfth, August ranked eighth, September ranked ninth and October ranked eleventh.

You state that your best months for reactions were the second, third, fourth and fifth. Supposing your first mailing in November, then your second, third, fourth and fifth were in December, January, February and March. In the thirty-year averages, December ranked fourth, January ranked first, February ranked second and March ranked third.

Now I have a strong suspicion that you were mailing your second, third and fourth folders at a time when the accounts you were *not* cultivating were showing extra activity. I may be dead wrong about this, but the incompleteness of your analysis has me guessing in a good many spots, and I would suggest that you re-analyze the situation and see whether I am right or not.

Up to now, I have been trying to discuss the facts of your campaign as given by Mr. Tyrrell. Now let me stop talking to you as an auditor, and say a word or two to your auditor, who strikes me as a first-class advertising man.

Mr. Tyrrell's article states certain matters of opinion on which my opinions and his are not quite the same.

First of all, he gives it as the opinion of a direct-mail advertising man in the merchandising field, that he, the direct-mail advertising man, would get fired if he suggested twelve mailings in his business. Let me say that if he did get fired for any such suggestion, and that were the only reason for his getting fired, he could find another job at any moment.

The cardinal maxim of direct-mail advertising is to take a logical list of prospects and then keep after them until they buy or die. It is true that in mailing to a problematical list, which is believed to contain some prospects, but known to contain many people who are not prospects, those who do not respond after four to six mailings, are removed from the list. This removal is not due to their failure to respond, but to the justifiable assumption that they are not prospects.

But this primary rule is never applied to the regular customers of a merchandising advertiser. All the charge account customers of a live retail store get advertising from it once a month. The same thing is true of the dealer-customers of a live wholesale or manufacturing concern. They do not mail twelve circulars a year because 12 is a magic number. They do it simply because the ancient Romans, who gave us our calendar, put twelve months into it and because no periodical has ever been a success in a big way that did not reach its readers once a month or oftener.

In the case of bank advertising, we have a still stronger reason for twelve mailings than the simple one that there are twelve months in the calendar.

The savings impulse is a monthly impulse. Saving and the thought of saving go with the fixed overhead of life, and all of us settle our fixed overhead on a monthly basis. We pay our rent once a month, we settle our charge accounts once a month, we pay for our installment purchases once a month, we stop to think once a month whether we are getting ahead or falling behind and all the concerns of which we are regular customers send us bills in the mail that help us to decide whether we are getting ahead or falling behind.

ANOTHER opinion of Mr. Tyrrell's is that the Average National Bank used good material for this stimulation test. I have not seen it, but I know what it cost, and I have Mr. Tyrrell's description of it.

According to the tables, the cultivation cost 25 cents per customer per total campaign of twelve mailings, over all. This included postage, envelopes, addressing, enclosing and handling, as well as material. Let's figure the carrying and handling charges and see what is left for the folders.

Even if 1 cent stamps were used for




More Business

FLEXLUME electric sign advertising can serve you by day because of its bold, snow-white letters of raised glass against a dark background. By night by its brilliant, solid letters of light, proclaiming your location farther and more clearly up and down the streets than any other form of display.

Let us send you facts showing how Flexlumes secure "more business" for their owners all over the United States and Canada. Write

FLEXLUME CORPORATION
1050 Military Road, BUFFALO, N. Y.
32 Eastern Avenue, Toronto, Ont.
PHONE: "FLEXLUME" OFFICES—ALL PRINCIPAL CITIES

FLEXLUME CORPORATION

*New Building for the*

Alton National Bank

Alton, Illinois



St. Louis Bank Equipment Company

*Bank Buildings and Interiors*

807-811 Walnut Street St. Louis, Mo.





*THE NEW BANKING HOME OF THE LIBERTY TRUST AND SAVINGS BANK, CHICAGO*

# A Deposit Builder

Does your building pay its own way, does it attract new business, does it help to pay your dividends? If not, it isn't a healthy adjunct to your institution and we strongly recommend the services of a specialist.

For thirty years we have made a business of diagnosing and treating the physical weaknesses of banking institutions, and we urge you to avail yourselves of the services we render. Preliminary consultation and advice furnished without obligation.

## WEARY AND ALFORD COMPANY

Bank and Office Buildings

1923 Calumet Avenue, Chicago

*In writing to advertisers please mention The Burroughs Clearing House*

all mailings, the postage cost 12 cents per depositor, the twelve envelopes at $3 per thousand cost 3½ cents, and the twelve operations of addressing, enclosing and handling at only $5 per thousand cost 6½ cents per depositor. So you have a total cost, outside of the material, amounting to 21½ cents. This means, Mr. Jones, that you bought your cultivation material at 3½ cents or under, *for twelve pieces*, a cost per piece of a third of a cent, and a cost per thousand pieces of about $3.

Mr. Tyrrell says that your folders were "exquisitely executed"—that copy, style, layout and printing were "excellent."

I do not think that even the paper could have been "excellent" at $3 a thousand in five-thousand lots. I'm sure I don't know where the printer came in. The copywriter must have paid you for letting him write the stuff.

Mr. Tyrrell goes on to state that the copy consisted of simple, straightforward stories in fiction style, of how some certain person had managed to save money, and that each folder closed with a paragraph or two of real selling talk which brought the idea of saving home to the reader.

I HAVE my opinions about such copy, and here they are.

In the first place, the average American, however much he may love to be humbugged, likes to have it done skillfully. I wonder if your readers believed that your "straightforward stories" were fiction in style only. I wonder if they didn't figure them out as pure fiction from start to finish.

You say you closed with a paragraph or two of real sales talk which brought the savings idea home to the reader.

Why did you do that? Why didn't you bring the *banking* idea home to him? You were spending a bank's money, on a bank's customers, to increase a bank's deposits. On your own showing the stories you told and the arguments you used were just as likely to induce those people to become members of building and loan associations, to buy homes on time payments, or to enter into partial payment plans for the purchase of bonds or other securities.

Of course, these are my opinions, but most advertising writers of today, not only in banks, but in merchandising concerns as well, are in accord with me. They never tell a story that has the slightest trace of fiction about it, and they never try to impress a man with the washing idea when they want him to use a particular brand of soap.

Another of the opinions expressed in Mr. Tyrrell's article is as follows:

"It is not the present size of balances that bankers worry about so much as getting the business of men and women. It is the customers that count."

I wonder if it was this conviction that impelled the bankers of Boston to put a dollar per month service charge on small checking balances? I wonder if it is this conviction that makes bankers of today unwilling to spend money in obtaining savings accounts that start with balances under $5? I wonder what this feeling, if it existed, would do to the whole idea of cultivating accounts?

My opinion on the point is that every banker in the country wants as large a per capita balance in his savings department as is consistent with steady, healthy growth. He realizes that people start their savings accounts with small initial deposits, because the sort of person that uses a savings account never has much to put away at one time, but he deplores the fact that so many savings accounts never grow to sufficient balances to justify the original expense of getting them.

CONSTANT thought and effort nowadays are being devoted to selective methods that will prevent the spending of money on prospective customers whose accounts when opened will not grow, and on plans that will cut down the percentage of accounts that *do not* grow, after they are opened.

All this relates directly to your prospective 1925 campaign, and here are some suggestions regarding it.

First a few don'ts:

Don't mail to any savings depositor whose account has shown no activity for five years or longer.

Don't mail to any savings depositor whose balance has been drawn down below $2.

Don't mail to any savings depositor whose balance is $500 or over.

Don't mail to any savings depositor who is making a deposit every two months or oftener.

Don't mail to any savings depositor that the post office cannot find.

Don't quit mailing to any savings depositor not included in the above classifications. Keep after him once a month until he deposits or dies.

Now for some positive suggestions:

Realize that a dormant account does not necessarily mean a dormant depositor. He may be just as open-eyed and live a person as you are. Anyhow, talk to him as if he were.

Realize that your chance of getting money from your own depositors is at least ten times as good as your chance of getting money from some other bank's depositors, or from people who are too poor or too shiftless to be any bank's depositors.

Realize that in depositor cultivation an ounce of prevention is worth, not a pound, but a ton of cure. Follow the lead of such men as Theodore Weldon of the Northern Trust Company of Chicago, who takes for cultivation, not his oldest, but his newest names. Keeping people awake is bound to be easier, cheaper, more profitable (and safer) than waking them up. The sounder they are sleeping the truer this becomes.

Analyze your depositor list as you would analyze an outside mailing list that someone offered to sell you. Analyze them as you would the circulation of a newspaper in which someone wanted you to take space, or the location of a billboard that you were asked to use. Sell them bank use and the use of your particular bank by straight selling talk. And give the depositor ten to one in figuring possible results per dollar of appropriation.

## Playing to the Passing Thousands

(Continued from page 9)

settings. For them there is a message of service, of institutional import, of the virtues of making a will, of the advantages of the safe deposit box. Through pots and pans woman is reminded of their possibilities for household saving. And again, through the medium of spring wearing apparel—a gown, gloves, shoes, toque, arranged in the window against a background of seasonal flowers—she is reminded that "Spring Buying Is Possible To Women Who Save." Amusing reactions sometimes attend a display. In this last instance the material had not been in the window two hours when an inquiry came into the department as to the price of the toque and "would the bank sell it?" The next day a woman asked for the name of the department store (she had evidently sensed that we had borrowed the material). She wanted so much to purchase that particular gown when the bank finished with it.

THERE are certain practical phases of the job of window stage manager, disregard of which proves fatal. Some time ago, the writer was in X——, a city of perhaps half a million population. One of the smaller outlying banks in that city, with an evident desire to capitalize its windows, but with little regard for detail or the possible psychological reaction of a display, had a couple of manikins out in front, disporting themselves in most awkward positions. Presumably they were there to teach a lesson of thrift. They might have made good had they been given a bath. As it was, these dusty, dirty figures, surrounded by a sea of dead flies, but illy symbolized thrift. And they could not, by any stretch of the imagination, have benefited the bank as an institution. Displays must be scrupulously clean in every detail. There must be no carelessness evident in their conception or in the manner in which they are set up.



4,000 Pages
2,000 Sheets
Yet It Opens Flat

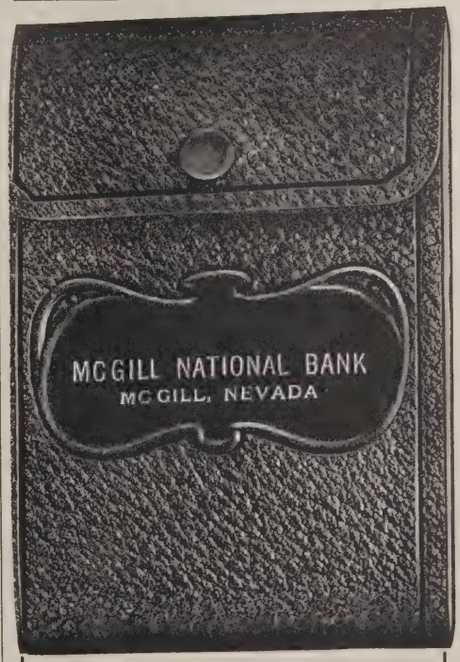
It's a Proudfit Loose Leaf Book. Bound by compression. Never gets crowded, no matter how many leaves are in. Steel bands let them slip easily back and forth, singly or in dozens. Always room for more and writing surface always level.

*The Loose Leaf Binder with the Time-Saving Features*

**Proudfits mean Profits**

Write for booklet.

PROUDFIT LOOSE LEAF CO.
13 Logan Street Grand Rapids, Mich.




GENUINE LEATHER
Pocket Check Covers
Lowest price, high quality
Pure gold stamped, covers made
*Pass Books to Match* *Write for Samples*
SOLD THRU DEALERS ONLY
The American Beauty Line
Dallas, Texas



# A Fleet of 25!

LIKE the steel guardians of our nation, this fleet of 25 Van Dorn Steel Omnibuses answered the call from the Chatham & Phoenix National Bank, New York City.

Each Omnibus is made up of 12 check files equipped with omnibus base with rubber tires on the wheels.

This is only one style of a complete line of unit and wide section filing cabinets built by this organization. Write for catalog describing the entire Van Dorn line of steel filing cabinets and bank and office equipment.

THE VAN DORN IRON WORKS COMPANY
CLEVELAND, OHIO

Branches:
CLEVELAND NEW YORK CHICAGO PHILADELPHIA
WASHINGTON PITTSBURGH

Van Dorn
MASTERCRAFTSMANSHIP IN STEEL

*In writing to advertisers please mention The Burroughs Clearing House*

The tie-up cards as well as display objects should be of proper proportions. The lettering must be plain and well executed.

From the numerous inquiries received from banks throughout the country the writer has learned that the main obstacle in the mind of the man ambitious to capitalize his windows is *lack of ideas.* When it comes to the consideration of "what to put in the windows" there immediately arises a mental Chinese wall. And yet *ideas* are all about—in the bank, on the streets, in the newspapers, everywhere there are ideas. It requires work to develop them, of course. But it is work that with practice and some inspiration behind it, becomes easier and easier as you go along. As I see it, the difficulty lies in their own wrong notions of the requirements of window displays. The common misconception is that unless the window is loaded with a lot of jimcracks, varicolored ribbons, explanatory cards and what nots, it can't possibly go over. As a matter of fact, that is absolutely fallacious. A window that is loaded with a mass of material stands less chance of accomplishing this than one that is simply contrived, because the time element and the necessity for mental application thus become subconscious factors with the audience outside. We, here, have found that one or two (related) objects, strikingly unusual, and possessing an element of human appeal, will stop more people than a laboriously contrived effort with a predominance of artistry. I cite the umbrella idea previously described. Here are others:

A football. Card: Don't be the football of fate. SAVE.

A rifle and target. Card: Hit the Bull's-Eye "Success" by Steady Saving.

Two pairs of shoes. One old and torn, the other new and shiny. Card: "Gee! I wish I was in that fellow's shoes." You can be if you save. START!

THE bank that does not employ its windows as a part of its development plans is overlooking a valuable opportunity. Indeed, there is every reason why banks, lacking suitable windows, should install them. The big reason is that hundreds, thousands of potential patrons pass your banking office each week, year in and year out.

Play to this great passing throng. You are bound to emphasize your name and location if no other good comes from it. Is that in itself worth while? Isn't the accomplishment of that much a fundamental of all bank advertising? The trick lies in making 'em stop, look and read. Accomplish that and your windows are worthy of their keep.

## The Auditor—Guardian of the Bank

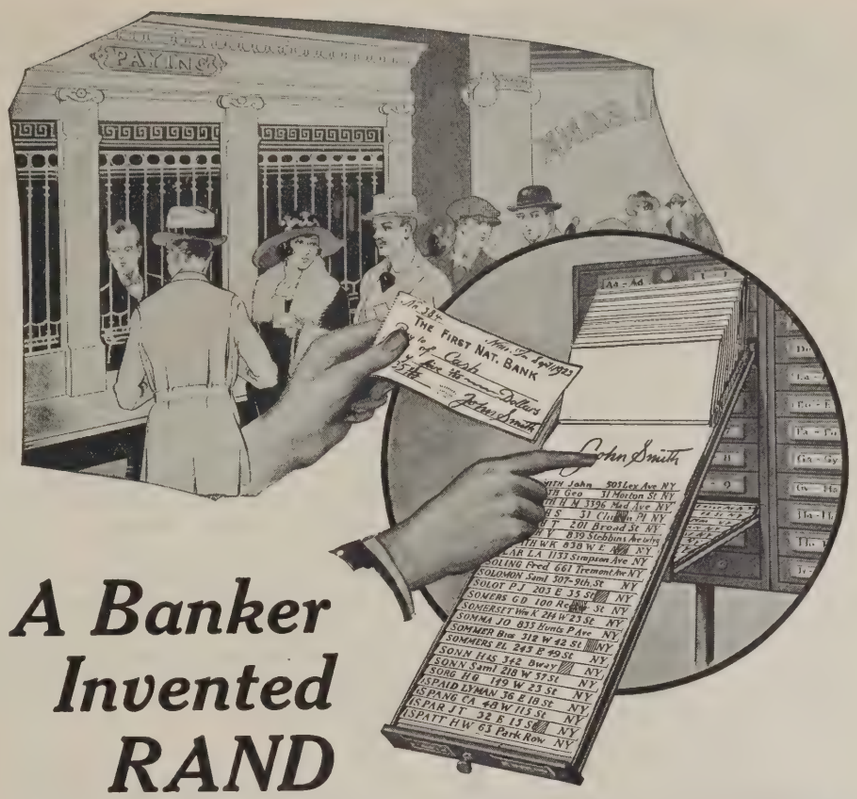
(Continued from page 14)

control of the auditor with a record maintained of all serial numbers. An inventory of the unused blanks in the tellers' stock should be taken at intervals and every number accounted for. This applies likewise to travelers' checks and letter of credit forms.

The customers' ledgers may be run from time to time. This is in addition to the runs made by the bookkeepers themselves. Customers who have questions about their accounts should be directed to the auditing department. At best it is difficult to verify the total deposit liability of the bank, but if customers are trained to come directly to the auditing department, it may be reasonably certain that no great differences will go long undetected. In some places an attempt is made to secure a direct verification from the customer of the amount of his balance. This is difficult to obtain from individuals, but banks that use the plan feel that "no answer" is an answer, as a depositor would object to an understatement.

THE First National Bank of Boston has found that by using second and third notices it receives back 95 to 98 per cent of the reconcilements. When the follow-up is not so complete, the average received back is usually not over 40 or 50 per cent. Where pass books are left for balancing, the work may properly be under the supervision of the auditing department. In some banks the work is so arranged that all cancelled checks are checked back to the statement and the balance compared with the ledger by the auditing department before the statement is delivered to the customer. It adds to the security of the bookkeeping system if dormant accounts are kept under lock and key, with the control in the hands of the auditing department. A signature file with cards that can be locked in is used when it is desired to minimize the possibility of dishonest substitution.

Due to the fact that there is not usually the control over collateral that there is over assets which have to balance with the general books, the auditing requires more care than it does with bank's own direct investments. Where the collateral form note is used, the verification should be made direct from the notes themselves. Where a collateral agreement system is in use, a copy of the agreement should be kept in the auditing department initialed by the loaning officers as well as by the collateral teller, to show that it is genuine and that all collateral being deposited is listed thereon. All serial numbers should be


# A Banker Invented RAND Visible Card Records

TWENTY-SEVEN years ago James H. Rand, then a bank cashier, invented for his own use the first VISIBLE bank record. The time and labor saving advantages of his idea were so apparent that Mr. Rand turned from banking to Visible Record manufacturing. The Rand Company is now the largest producer of Visible Card Records in the world.

Rand Visible Card Record systems for banks, are, therefore, the product of a *practical banker*—created from a first-hand knowledge of the banker's needs, by banking specialists.

Thousands of financial institutions, large and small have doubled their service facilities and effected material savings in cost of operation by installing Rand Visible Card Banking Records.

A list of the principal systems is given in the coupon. We suggest that you check those in which you are most interested and mail at once. No obligation is incurred.

A FEW of the many banks and trust companies using Rand Visible Bank Records:

Wells-Fargo Nevada National Bank, San Francisco.
National Bank of Commerce, Detroit.
Drovers & Mechanics National Bank, Baltimore.
Buffalo Trust, Buffalo.
Hibernia Bank and Trust Company, New Orleans.
Second National Bank, Houston.
Gotham National Bank, New York City.
Hackensack Trust Co., Hackensack, N. J.
First National Bank, Boston

**RAND COMPANY, Inc.**
*Member Rice Leaders of the World Association*
**810 Rand Building** **North Tonawanda, N. Y.**
**CANADIAN PLANT: NIAGARA FALLS, ONTARIO**

RAND
VISIBLE CARD RECORDS
Facts at a Glance
PIONEER JAMES H. RAND INVENTOR

You may send me data proving the advantage of Rand Visible Card Records for—

- ☐ Signature Cards
- ☐ Safe Deposit Records
- ☐ Stop Payment
- ☐ New Business File
- ☐ Inactive Ledger
- ☐ Tab Check File Guides
- ☐ Auto Finance Records
- ☐ ----------

**RAND CO., Inc., 810 Rand Bldg. North Tonawanda, N. Y.**

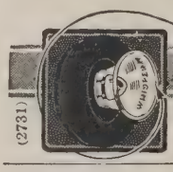
A quiet tip for a yule-tide gift

ANY ONE who uses the telephone will be delighted with a Whisper-it telephone Mouthpiece as a Yuletide gift. It brings such luxurious comfort and ease in telephoning, in addition to making every conversation *absolutely private.*

The Whisper-it is sanitary. It's easy to keep its highly polished glass glistening and sterile. And the Whisper-it is so easily applied—just screws on in place of the mouthpiece already on the telephone.

Only a dollar each. Money back if not satisfied. Give Christmas presents guaranteed to please.

Live Agents Wanted

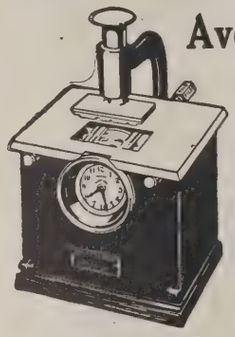


the Whisper-it MOUTHPIECE

B. C. COLYTT LABORATORIES
565 W. WASHINGTON ST., CHICAGO, ILL.

(2731)

Avoid Disputes



Keep an hour and minute time record of every visit to your **safe deposit vaults.**

The Kastens Time Stamp

**Prints Each MINUTE**

Hour and date automatically.

AUG 28 1917 3 43 PM

(Facsimile Imprint)

**Catalog? Yes, an interesting one, too! Send for it, now.**

HENRY KASTENS

422–424 W 27th St. New York City, N.Y.

*OVER 75,000 IN USE*

For Bank Protection



$18.45

GENUINE COLTS REVOLVER, cal. 38 ARMY SPECIAL

double action, swing out cylinder, blued finish, rubber grips, almost NEW. Superior to foreign made imitations. **Price $18.45.** Web holster to fit, 60 cents; web belt with cartridge loops, 45 cents. Ball cartridges $1.50 per 100. Reference catalog, 372 pages, 50 cents. Circular for 2 cent stamp. Established 1865.

**Francis Bannerman Sons, 501B, Broadway, New York City**

accounted for in auditing. The customer's receipt should be obtained for all re-delivery of collateral and the genuineness of the signature should be verified. Joint control or double custody of some kind is very desirable.

Stock certificates should be either indorsed in blank, or better, accompanied by power of attorney and assignment form properly signed. There should be a separate assignment for each kind of stock. The same applies to registered bonds. Notes that are up as collateral should be inspected to see that signatures are genuine; that payments of principal and interest are being met; and that they are indorsed. The auditing department may take the further responsibility of verifying the current market quotations on the collateral held to determine if proper margins are being maintained. Unless collateral is watched it will be found in some cases that market value has dropped or that payments have been made on notes or contracts up as security without using the amount to reduce the note to the bank.

One of the best methods of verifying collateral and the liability records is by mailing a statement to each borrower showing the amount he owes and the collateral if any. If no collateral is listed on the bank's records, the statement should plainly say so. A stamped envelope is enclosed addressed to the auditor. The mailing may proceed to one portion of the alphabet at a time, but on an irregular schedule so that the section to be handled next can not be foretold.

AS SAFEKEEPING securities usually have to be kept where they can be reached readily when a customer calls, it is sometimes difficult to arrange for double custody. Ordinarily, however, it is better to give somewhat slower service in this department, if necessary, to retain such a control. The amount of bearer bonds held in this department often reaches a most substantial total. The serial numbers of all receipts used by the safekeeping department should be recorded in the auditing department at the time the blank receipts are received from the printer. As issued each number is accounted for. The system in many banks is for the auditing department to receive a triplicate copy at the time the receipt is issued. Where the bank is clipping coupons and crediting them to customers' accounts, occasionally a check should be made to see that such credits are reaching the proper accounts. In verifying safekeeping securities, or collateral in coupon form, the coupons should be watched to see that all that were originally deposited are still attached, that credit has been made to the owner's account, or that the customer's signature has been obtained for their redelivery.

Packages that are not likely to move before another audit, may be sealed with a special auditing department seal so that the securities will not have to be rehandled at succeeding counts.

In the savings department, a day's work may be examined from time to time, the debits and credits run to see that their total agrees with the changes in the general books, all entries traced back to the ledger accounts, and signatures on withdrawals verified. It is only possible to do this occasionally, but the possibility that there may be such a check of any day's work has an excellent moral effect.

A member of the auditing department may from time to time work behind the tellers, verifying the balances shown on all pass books as they are presented. The exact method to be used in verifying the savings department depends on the system and the checks that are built into the daily routine.

THE foreign exchange department is probably one of the most difficult points in the whole bank to audit properly. Reconcilements should be made by the auditing department. Occasionally sales and purchases should be checked back to make certain that they are being negotiated at approximately the proper market rate. Actual foreign money on hand should be counted and the value determined. Some banks keep a member of the auditing department permanently stationed here.

All future commitments should be carefully checked with the original contracts to see that they are fully set forth on the general books. This applies likewise to letters of credit and acceptances.

In the foreign department, as in all departments, the auditor should become thoroughly familiar with the use and purpose of all forms and records so that he may design as efficient a control as possible. The bank officers will probably depend on the auditing department to make certain that speculation is not being indulged in; that foreign accounts are not overvalued; and that earnings and losses are being correctly reported.

Auditing methods for the trust department must be developed for each individual situation. Primarily, securities must be inventoried to see that they are on hand; income must be traced; investment prices verified to see that they conform to the market; care taken to see that proper records are being maintained and statements rendered; and the handling of trusts surveyed to determine that the letter and spirit of the trust agreement is being carried out.

On miscellaneous sources of income, such as travelers' checks and service charges, the auditor should verify regularly to see that the proper income is reaching the books of the bank. All sources of income should be charted so that none will be overlooked in the auditing program.

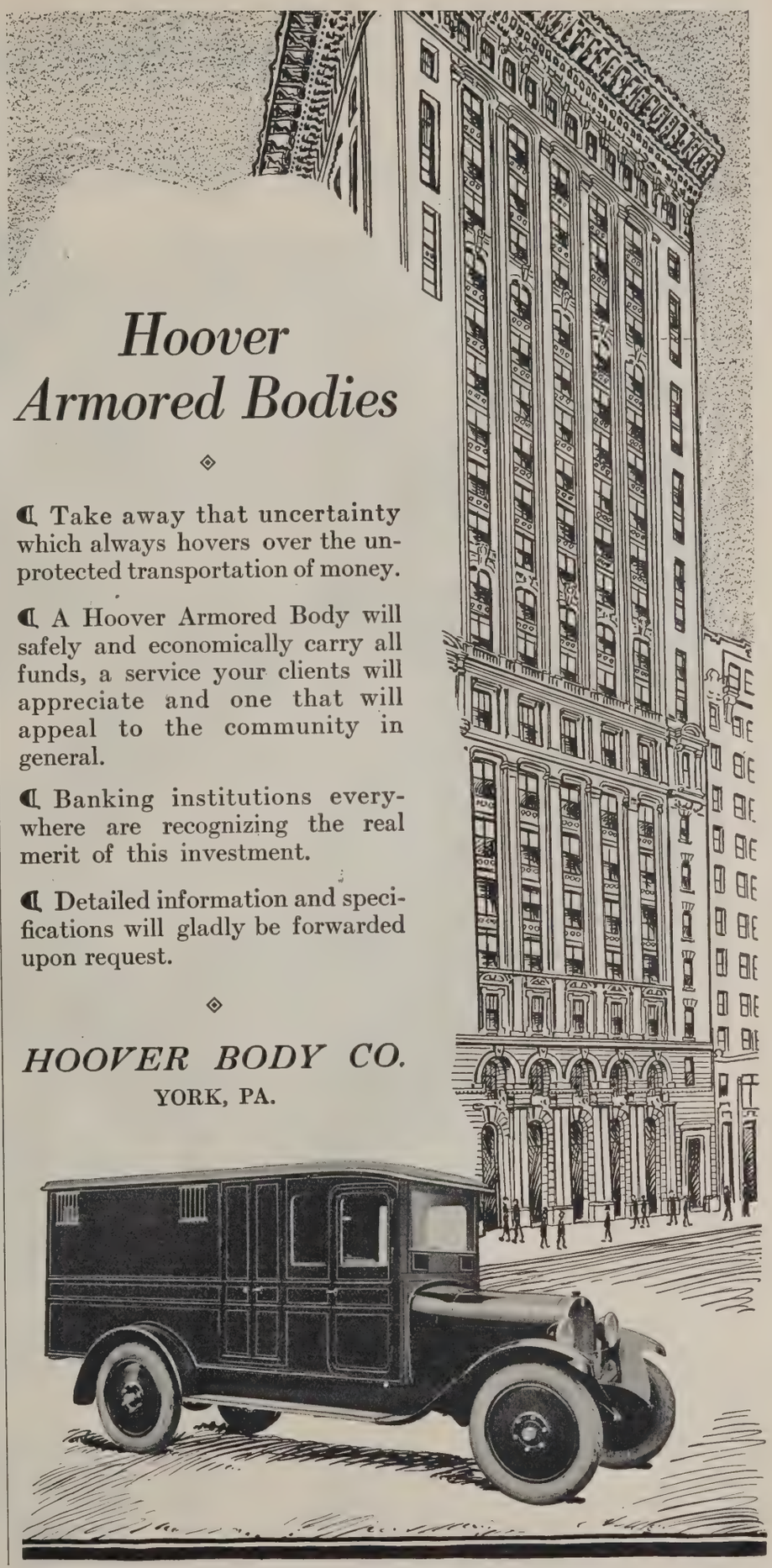
For the collection department, dependence is largely placed on tracers being received. Mail clerks should be instructed to deliver all such inquiries direct to the auditing department. On installment contracts being held by the bank for collection, the contract should be checked to see that indorsements are being properly made, that proceeds are reaching the owner, that interest calculations thereon are correct, and that the proper collection fee has been credited to earnings.

AND the most important auditing feature of all, vacations, should not be overlooked. Probably as many defalcations have been discovered by means of a sudden illness or vacation of a dishonest employee as by any other method. The list of all employees should be checked to see that each one has taken a full vacation. This should be insisted upon without exception. Changing of personnel from one class of work to another without advance notice or switching of bookkeepers between ledgers likewise accomplishes a similar purpose. Such changes should be instituted as a matter of impersonal policy without motive of suspicion.

The Harris Trust and Savings Bank of Chicago supplements exceptionally complete auditing methods by a program of "auditing by substitution." Attached to the auditor's force are men who can be shifted from job to job replacing the regular teller or bookkeeper for the time being.

The auditing department should in itself be an example of workmanlike methods. Work papers should be made out in advance with space for all pertinent information needed and these when completed should be dated, signed and properly filed. The cultivation of a proper spirit of co-operation, common sense and an ever curious mind that seeks to know the reason are the important factors in success. So varied and responsible have become the duties of the auditing department, that the title "comptroller" is being adopted by a widening circle of larger banks for the executive that heads the department. The auditor's office may be retained with a division of labor between his force and that working under the comptroller. Titles are a matter of the individual bank, but the responsibility of auditing is a thing that can be neglected in no bank without peril.

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## A New Day—and Faith—in Thrift Week

(Continued from page 16)

make even greater progress in this direction in January, 1925.

Walter W. Head, retiring president of the American Bankers Association and charter member of the National Thrift committee of the Y. M. C. A., says: "I believe this program presents a glorious opportunity to render a great constructive service." He reflects the sentiment of bankers in every state in the Union, who have had experience in helping to promote this cause. They have seen how effective it is.

The report of Elsie Osborn Davis, service director of the Poughkeepsie Savings Bank, indicates how a savings institution can go ahead in connection with National Thrift Week and build a tremendous amount of good will for itself. In regard to her bank's essay contest on the "Service of a Bank to a Community," Miss Davis said:

"Beginning National Thrift Week we had groups of not more than fifty children from grammar grades visit our bank, accompanied by teachers. They all brought pads and pencils, and took notes like reporters, preparatory to writing essays on the subject for their regular English class work. First the groups were photographed, then they were assembled in the trustees' room where our president, Mr. Mark E. Lown, welcomed them and explained the history of the savings bank and the value of thrift. After that they were escorted all over the bank and every bit of banking machinery was explained to them. Naturally we were careful to consult the bank staff as to convenient days for entertaining visitors and we found that just about closing time in the afternoon proved the most convenient hour.

"EACH week, after the committee of teachers had judged the essays—using a key system of numbers and never names of writers—the prize winners were announced in all the papers and one daily printed all prize winning essays in full on its educational page. The contest received a great deal of news space, both as news items and editorial comment, in addition to publication of the essays themselves.

"Following this our president went with me to every school to award prizes, at special school assemblies held in his honor. We were more than pleased with the results from all these human contacts with our small depositors, and they all seem to have talked their parents and friends deaf, dumb and blind on the wonders of the savings bank.

"It seems to us that the poster contest is the most showy type of contest to conduct, and tremendously useful in providing exhibit material for months following. The combined visit and essay contest plan is the most educational and brings the closest personal contacts."

At Flint, Michigan, bankers were the outstanding leaders in the Thrift Week celebration. Says the report from this industrial center:

"One delightful feature of the 1924 observance was the characterization of Benjamin Franklin, together with two Town Criers. We procured the costumes at a nominal expense and three men gave six hours each day for the entire week without expense. Ben and his Criers visited every school every club and many of the industries giving short talks and distributing 20,000 of Ben's thrift sayings. A group of twenty-five high school students in the Public Speaking class attended Ben and spoke in theaters, factories and schools.

"Twenty-three hundred children wrote essays on Thrift and competed for nineteen prizes. On Bank Day new pennies were given to the several thousand children who attended Ben Franklin when he opened each bank with a big, brass key."

THE report of the New Haven, Conn. Thrift committee shows how 30,000 pupils in the schools were inspired to become savers: "The subject of Thrift in all of its phases from savings through spending was dwelt upon in the opening exercises each day and correlated with all other subjects whenever possible. Special talks by pupils bank book parades, composition work drawing of pictures illustrating 'Thrift,' and many other devices were used to keep up the enthusiasm among the school children and leave with them a lasting impression.

"Schools that had no banking system and had done thrift work only in a general way started systems of their own with very excellent results. Many schools reported that the amount of money deposited during Thrift Week more than doubled that of an average week's deposits. Forty-nine schools with a total enrollment of 25,462 pupils, reported that 17,637 pupils have savings accounts in our banks On 'Bank Day' fifteen schools reported 711 new accounts opened There were probably many more not reported."

## Equations

N.S.F.—Not So Funny.
R.T.M.—Rarin' Too Much.
O.D.—Ouch, Doctor!
N.P.—Neatly Plucked.
F.R.B.—Fusser'n Red Bantams.
H.O.—Hootin' Owls.
N.G.—Nicely Gouged.

—*Cage and Desk.*



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IN THIS ISSUE

DIRECTOR OF REPARATIONS AT THIRTY-TWO
BORROWERS' STATEMENTS; BETTER LETTERS




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# The Burroughs Clearing House

HERBERT SHRYER
*Editor*

C. D. MACGREGOR
*Business Manager*

DECEMBER, 1924
VOL. 9 NO. 3


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## *The Editor's Indorsement*

HIS friends say he is the most extraordinary man of his years in the field of public finance since Alexander Hamilton. His name is S. Parker Gilbert, Jr. At thirty-two, he is Agent-General for Reparations, executor of the Dawes plan and endowed with powers rarely wielded by any one in Europe and on whose word may depend the fate of Europe. There are those who think that the difficulties in the way of the Dawes plan are insuperable, that it will never work without modification. It will be Gilbert's task to make it work—or, failing that, to persuade the Allies to make such modifications as experience shall demand.

Since 1917 until he resigned as Undersecretary at thirty to enter law practice, he has been a power behind the throne in the United States Treasury with a genius for public fiscal business. At twenty-five he came to Washington to work under Russell C. Leffingwell, then Assistant Secretary of the Treasury, whom he succeeded as Assistant Secretary at twenty-seven. At twenty-eight he was promoted to Undersecretary, second in command under Secretary Mellon, having served successively under McAdoo, Glass, Houston and Mellon.

Through it all he has remained obscure, although those inside knew and recognized his worth—men like Houston and Mellon and Leffingwell, Senators on the Hill and members of the house of Morgan.

"You won't hear much from him," says the *New York Times*. "He is a reticent chap, almost to the point of cultivating obscurity. The European reporters won't know what to make of him. They will have to judge him in the good old-fashioned Bible way: 'By their fruits ye shall know them,' for men do not gather grapes of thorns or figs from thistles even today—least of all in reparations."

The story of young Gilbert and more about his job as the "unofficial Kaiser of Germany's business world" is told in this issue by Clinton W. Gilbert (not a kinsman of the financial prodigy) whose intimate sketches of men high in the administration in Washington are familiar to readers of this magazine.

IF YOU would improve your letter-writing, collect a file of the carbon copies of your recent correspondence and study it critically. You'll be surprised how much you can accomplish for clarity and directness by elision of verbiage and simple reconstruction or inversion of your sentences. You'll find some examples of "before and after" treatment of bank correspondence in the article on page 20, "Your Carbon Copies at Work for You," by Alden E. Davis, of the Old Colony Trust Company, Boston. His article here is a sort of encore to one we recently published in which he dealt with obsolete, superfluous and inaccurate words and phrases to avoid in dictation, illustrating with letters from the Old Colony's own correspondence.

It's a useful instrument or a boomerang, is language. Sometimes it's a deadly weapon. Remember the letter of the choleric editor returning manuscript to an intending contributor? "My dear Sir: I have read your poem. Oh, my dear sir!" We are indebted to the *Pittsburgh Chronicle-Telegraph* for the story of the candidate for office driven to desperation, while addressing a meeting, by the continual interruption of one man in the crowd determined not to give the aspirant a moment's peace. At last, shaking his fist at the heckler, the speaker shouted:

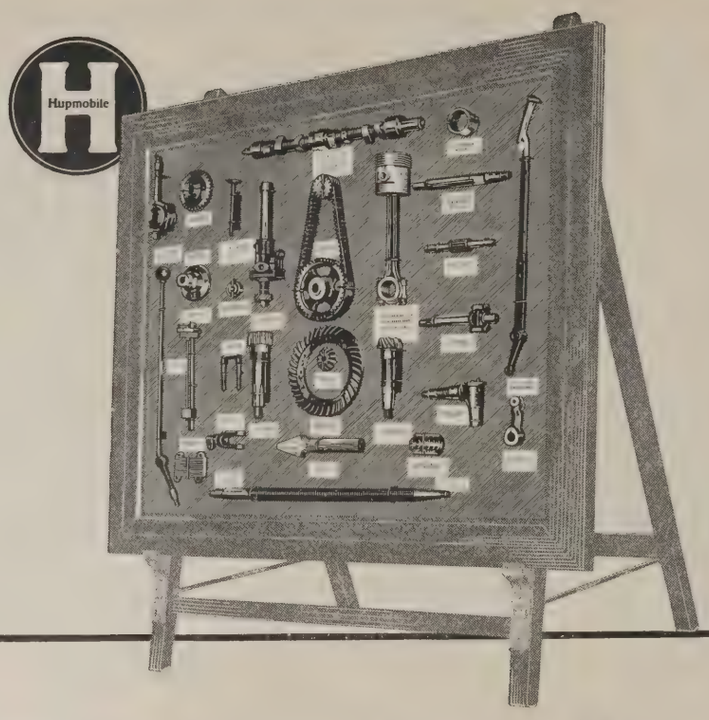
"I look upon you, sir, as a confounded rascal."

"Quite," replied the interrupter, with a sweet smile. "You are perfectly at liberty to look upon me in any character you desire to assume."

Says a motor ad: "A Wonderful Woman's Car." There must be a great market for it, comments a columnist. Everywhere we look we see a wonderful woman.

ASK anyone who attended the convention of the Financial Advertisers' Association in Richmond, Va., to name the outstanding feature of the program and he'll name the "lemon session." It appeared officially as a series of four-minute talks on the subject of "An Advertising (or New Business) Project Used by Our Bank (or Investment House) Which Proved to Be a Failure." Six speakers were assigned to tell in detail the story of their conspicuous failures during the year, their explanations (if any) for the failure, and how they would profit from the experience if they were to tackle the same problem a second time. In that experience meeting of one hour, the convention learned more of what not to do—and, by inference, what to do—than it could possibly learn from a whole week of the blah type of convention where everything is rosy and none but unqualified successes are admitted to the platform. Try it at your next annual or group—and win the prize. In Richmond it was a half dozen handsome lemons encased in a poor (tin) fish. And for indorsement of this indorsement, write the hardy souls who took the stand in Richmond: Willard C. Wheeler, G. L. Miller & Co., New York City (first prize); Gaylord S. Morse, State Bank of Chicago; Kline L. Roberts, Citizens Trust & Savings Bank, Columbus, O.; Dudley Winston, Louisville National Bank, Louisville, Ky.; Jesse F. Wood, State and City Bank and Trust Company, Richmond, Va., and C. L. Jernberg, West Side Trust and Savings Bank, Chicago.

H. S.




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Vol. 9, No. 3 — The Burroughs Clearing House — December, 1924

# His Job—To Make Dawes Plan Work

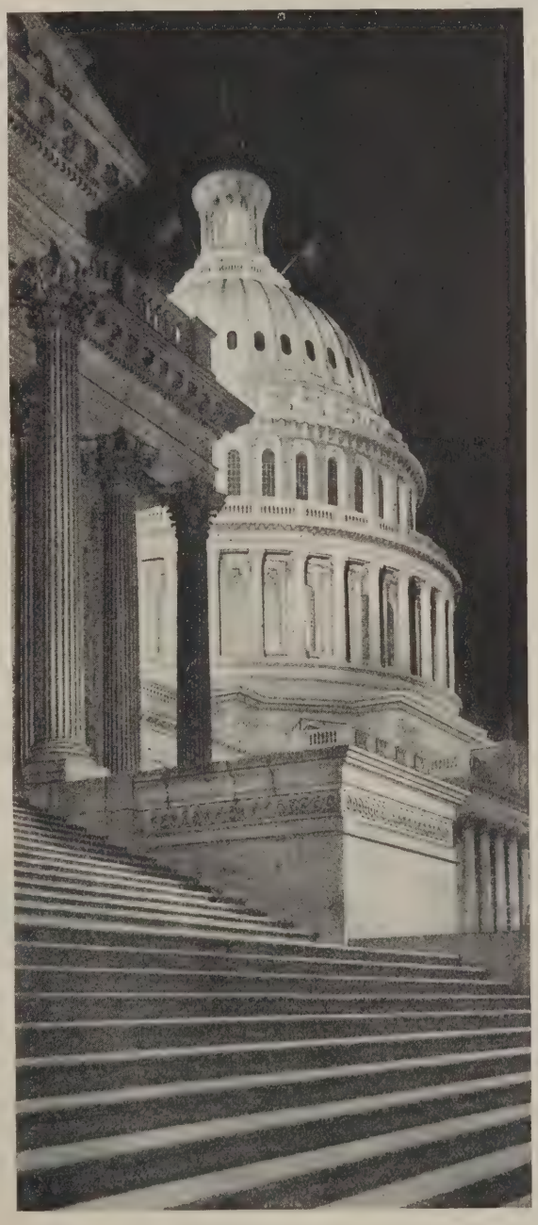
## Reparations, the "Biggest Job in the World," and Something About the Young Financial Genius Who Confidently Accepts It

*By* CLINTON W. GILBERT

GERMANY, since the adoption of the Dawes plan, is a sort of new world for capital. If you can imagine the discovery of an America not like the one Columbus discovered, undeveloped and thinly populated by savages, but one with a numerous people highly trained in industry, having plants and a knowledge of markets and natural resources already worked and waiting only for credit to assume its place as one of the great producing nations of the earth, you can form some picture of what I mean when I say that Germany is a sort of new world, a fabulous India for capital.

I talked with Mr. Alanson B. Houghton, United States Ambassador to Germany, when he was in the West campaigning for President Coolidge, and he told me that capital was pouring to Germany already by the tens of millions. It would not be long, he thought, before there would be one billion of British and American capital invested in German industries. Up to the present there was more British than American money entering Germany. The British are nearer to Germany than we are. They have the habit of making foreign investments. They are the world's great foreign bargain hunters. We are slower. But it will not be long before there will be much larger American holdings in Germany than British. We are at present feeling our way. But we are sure to be what England was when this continent was being developed, the great creditor nation of the world.

All the great American banks and banking houses have their representatives in Germany looking over the field. The tendency of the foreign money going into Germany is to invest in the stocks, not in the bonds, of German industry. I am not speaking of the recent German loan. I am speaking of the individual investor buying shares in German enterprises. The opportunities of this new possible Eldorado are extraordinary. The risks, of course, are extraordinary—this is not a prospectus inviting you to take ship to Berlin with a bag full of money. Now as for the opportunities. So far has the supply of capital fallen short of the demand for it in Germany that interest rates have run in the last year from 20 to 40 per cent. Naturally they were prohibitive. And equally, of course, with credit as scarce as that, Germany is the greatest bargain counter of stocks and bonds the world has ever seen. It is, if—. It is a very big "if." There is always a joker somewhere about an Eldorado.



Now what are you gambling on when you buy stocks dirt cheap in Germany? You are gambling that the divergent interests which the Great War left behind in Europe, the former allies who have been snarling at each other ever since they affixed their signatures to the Treaty of Versailles, will not in your time nor mine press their antagonistic policies to the point of armed conflict. The Dawes plan is a kind of reluctant truce between these two theoretically friendly but practically hostile forces striving diplomatically and with some shaking of sabers for the mastery of Europe. You are gambling that the powers which think this will be a richer and better world, with Germany adding to its wealth as of old, will win over the powers which think their place in the scheme of things will be diminished if a powerful, restored Germany rises as a neighbor by their side. If they win, you win. If they lose, you lose. You are taking a counter in the greatest game that has been played in a century.

Between these two antagonistic policies of building Germany up for economic reasons and keeping her down for military reasons there stands a sort of umpire, an



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S. Parker Gilbert, Jr.

American, a very young man, still in his early thirties, unknown four years ago, somebody's private secretary then, S. Parker Gilbert, Jr. So far as you are gambling upon any one man in buying German industrial stocks, you are gambling on this young man, S. Parker Gilbert, Jr., the most romantic single figure in the business and political world. But as you will speedily see, behind S. Parker Gilbert, Jr., stand many others better known and more powerful in their own rights than he.

SO, IF Ambassador Houghton is right and half or two-thirds of a billion of American capital will seek this possible German Eldorado in the next few years, you had better know what S. Parker Gilbert's job is. I have described him as a sort of umpire between the divergent interests of Europe. That is a popular and rather vague way of telling what this job is. Somebody, when I asked what Mr. Gilbert had to do under the Dawes plan, said, "His is the head at which the pop bottles will fly." In that sense he is the umpire. His will be the disagreeable duty of making decisions and he will have to make decisions between no less contenders than France and England.

I asked Ambassador Houghton what Mr. Gilbert's job more precisely was. "The greatest job in the world," he replied instantly, but even this does not get us very far. So let us go to the original document, not that original documents ever help us very much. The "Report of Committees of Experts to Reparation Commission," which contains the so-called Dawes plan, says that "the committee's plan provides for a commissioner of the bank of issue, a commissioner of railways, a commissioner of controlled revenues, and, if need arise, for a commissioner of industrial debenture." Reparations, it may be said briefly and not too technically, are to be derived from railway earnings, from controlled revenues of the German government, and from a mortgage on the industries of the country.

The "Report" goes on: "The plan also provides for an agent for reparation payments." That is Mr. Gilbert's title, "Agent-General for Reparation Payments." The "Report" also describes him as an "agency between the Reparation Commission and the various commissioners," named above. It calls him, too, a "co-ordinating agency" and a "co-ordinator." He has authority over the various commissioners, for the report says that "in case of a difference of opinion between one commissioner and the Agent-General for Reparation Payments in his capacity as co-ordinator, the commissioner can appeal to the Reparation Commission."

Co-ordination. That is a blessed word, like Mesopotamia. When you can't think how else to describe what a man's functions in any organization are, you call him a co-ordinator. When you read the words of the report, you realize that just as the Supreme Court of the United States was left in the Federal Constitution largely to make its own job, so the Agent-General for Reparation Payments was left under the Dawes plan largely to make his own job. The Dawes planners wanted someone powerful to stand between the Reparation Commission, which is full of the bickering politics of Europe, and the individual collectors of money to pay reparations from the German railways, the German taxes, and the mortgage on German industry. They perhaps did not wish to say how powerful this shock absorber should be for fear the jealousies of Europe should negative the plan. So they called him a co-ordinator which, as I have said before, is a blessed word.

NOW the power of Mr. Gilbert lies in the fact that he is an American, a neutral, that behind him stands within diplomatic reason the United States, and the American banking world with the largest amount of credit available anywhere on the earth. You may get some idea of the extent to which American banking is behind him from the circumstances of his appointment. When the wise men of Lombard Street heard that we proposed to put into the position of Agent-General for Reparation Payments, whose importance was perceived as soon as it became evident that an American was to occupy the post, a young man of thirty-two, an Assistant Secretary of the Treasury, who, four years ago was an unknown private secretary, they stroked their chins, and the French, when they heard, were inwardly outraged. But when they both learned that the house of Morgan regarded him as qualified and that Secretary Mellon felt that he was adequate, they repressed their rising discontent.

To give a detailed idea of Mr. Gilbert's functions is difficult because they are likely to be revealed and only to be revealed in practice. Until questions have arisen for him to pass upon, you are able only to guess what such questions will be. I asked Ambassador Houghton what it was to be a co-ordinator between the various commissioners of specific reparation payments and the Reparation Commission, and he said Mr. Gilbert might be described as the general manager of the whole Dawes scheme of reparations. He is the chief executive of the organization with the Reparation Commission sitting over him like a board of directors.

HERE, perhaps, is the kind of question on which he will have to pass. The French recently insisted upon that clause of the Versailles Treaty under which they can demand the collection of an export duty on commodities coming out of Germany. If the Germans are forced to pay an export tax and, in addition, their products also are subject to tariff on entering other countries, they are obviously not going to find a market for their goods and they will not be able to pay reparations. This is a way of allowing Germany to rise with both hands and feet tied.

Mr. Owen D. Young, who was associated with General Charles G. Dawes, now Vice-President elect of the United States, in formulating the Dawes plan and getting it adopted and who remained abroad to start it in operation, raised his voice in protest against the French position. Mr. Gilbert will have to assert himself upon issues of that kind. And behind the French insistence on the letter of the Versailles Treaty lie all the antagonisms of Europe.

If all of Germany's creditors were interested in seeing her get upon her feet economically, Mr. Gilbert's task would be a comparatively easy one. No important disputes would arise. None of the Allied nations would press their claims unduly but all would incline toward moderation, being willing to wait until Germany could pay without risk to her own economic stability before demanding what she owes. But her creditors may be divided into those who demand the pound of flesh and those who do not. With those who insist upon having what is nominated in the bond Mr. Gilbert will have his troubles.

Underlying the whole Dawes plan is the sane view that Germany cannot pay unless she can earn and that she cannot earn unless she is given a chance to get well. The plan itself would undoubtedly have been in its terms more lenient toward Germany if it had not had to be made acceptable to France. It was perforce a compromise between the French and the British points of view. But it leaves room for the exercise of a remarkable degree of discretion by those charged with the responsibility of executing it. Through the exercise of this discretion Germany may be brought back to her feet as one of the world's great producing nations, able perhaps to pay the great debt which the Versailles Treaty imposed upon her without undue strain, or kept in dire slavery for a couple of generations to her creditors. Much international bitterness will arise over whether Germany in the execution of the Dawes plan is to be allowed and even encouraged really to live or whether she will be permitted barely to exist. For five years since the peace was made, Europe has been sharply divided on this issue. Acceptance of the Dawes plan does not end the conflict. It sets a kind of truculent truce. Make no mistake about it, it will be truculent.

Listen to this from the Dawes Report: "All payments for the account of reparations will be paid into the bank of issue to the credit of the Agent for Reparation Payments," that is, to the credit of Mr. Gilbert. And says the "Report," "It is easier to estimate the burden that Germany's economic and fiscal resources can bear than the amount of her wealth *that can be safely transferred abroad.*" You will see that it devolves upon Mr. Gilbert and certain associates to determine how much of her wealth may be safely transferred abroad and on what terms.

The "Report" goes on, "The use and withdrawal of the moneys so deposited will be controlled by a committee, consisting of the Agent for Reparation Payments (Mr. Gilbert) and five persons skilled in matters relating to foreign exchange and finance, representing five of the Allied and associated powers. This committee will regulate the execution of the program for deliveries in kind and the payments under the reparation recovery act, in such a manner as to prevent difficulties arising with the foreign exchange."

In other words, it is the business of this committee to see that Germany is not bled to death by her creditors. Moneys paid into the new reparations bank will not automatically flow to those to whom reparations are due. They will leave Germany and payments in kind will also leave Germany only in such amounts as in the judgment of experts they may safely do so without tumbling marks down once more where it will take a million of them to ride on a street car.

IT IS right here that, as my friend said, "the pop bottles are likely to fly." Consider the case of Mr. Gilbert sitting back with a large sum of money to his credit as Agent for Reparation Payments: The "Report" says he may allow five millions of marks to accumulate thus—and refusing to let bleeding France have them, because in his judgment, and that of a majority of his expert associates, to do so would imperil the stability of Germany—just consider it and you will see how large a responsibility is his.

I do not wish to make this article too technical. There are a dozen ways in which the Dawes plan may fail, that is, fail to satisfy the reasonable hopes of Germany's creditors for reparations and of Germany to become once more a great producing nation.

(Continued on page 48)



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Some of the American experts: S. M. Crocker, Rufus C. Dawes, Owen D. Young and Charles G. Dawes

# The Incoming Cash Letters and Float

## A System That Immediately Discloses Errors in Incoming Letters and Facilitates Sorting and Routing Transit Items

*By* H. W. SANDERS
Citizens National Bank, Los Angeles

IT IS well known that in consequence of the time required to collect checks in transit, an account showing an apparent balance may be an overdraft in reality, and the task of calculating interest on such a running "balance" is greatly complicated. The problem that most banks are facing more or less successfully is how to figure this "float" on the deposits of correspondent banks.

The system evolved by the Citizens National Bank, of Los Angeles, is the result of many months' experiment and trial. As the accompanying chart will help to explain, an indispensable part of the system is the disposition of incoming cash letters with which the float problem dovetails so closely.

As the cash letters (those containing checks for deposit) are received from the mail openers, they are examined to see that every check bears the indorsing stamp of the depositing bank. This is to enable us to know whom to charge if the item is unpaid. A deposit ticket is then made out in duplicate, one part of which is the advice that goes to the depositing bank, and the other part ultimately becomes the voucher for our own country bank ledgers. At this stage, we watch for foreign items, items that ought to be handled by the collection department, and so on, and thus remove them from the system before the letter is proved.

The next step is a division into large and small. The cash letters vary from a half-dozen checks up to batches of hundreds from the larger country banks, and while there is no hard and fast rule, letters with about fifty checks or less are placed in the pile of "small."

The only difference between the handling of large and small letters is that in the large letters the "Remits" (checks on points outside the city of Los Angeles) are sorted at once into the various classifications which form the outgoing routings. In the small letters the division is simply into Clearings, Checks on Ourselves, and Remits. The large ones have the remits divided all ready for the outgoing sets.

Each letter is thus proved and sorted at one operation. The total of the letters, after the final recap is made, is credited to country books and the items are distributed to Clearings, Individual Bookkeepers, and Remits.

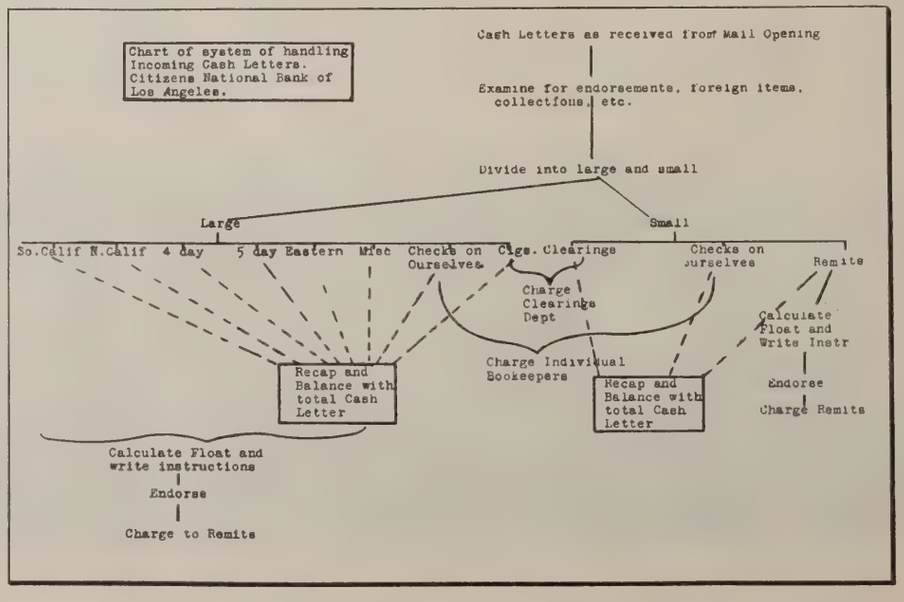
Now let us look at the sample forms used. Take No. 1 first. It is the proof of a "large" letter. The name of the bank is typed at the head of the sheet, and the clearings are listed in the first column under the indication "⁂16." The checks on us are similarly listed under "⁂15" and the remits are run on the right-hand side of the page under their respective classifications. In recapping it will be noticed that these remit bunches are run first and then a sub-total is taken. This forms the amount to be charged to the Remit department. Clearings and checks on us are then added, thus proving the letter.

Now for the float question. It will be seen that there are a number of pencil figures on the right of the amounts charged out. These are the number of days' float which accrues on the item. A check on New York, for instance, carries five days' float, one on a country point in Massachusetts carries eight days, and so on. It will be noticed that several of the remit sets are classified so as to include only items with the same number of days float. Thus ⁂4 comprises checks on Dallas, Minneapolis, Denver, St. Louis, Kansas City, Houston, and Chicago—all four-day points; ⁂5 comprises New York and Philadelphia, five-day points; while ⁂1 and ⁂2 contain only checks with one and two days' float respectively, being on points in the immediate vicinity of Los Angeles.

It will be noticed that on the proof sheet, ⁂2 appears as a total only. This is another short cut, for the two-day checks, comprising perhaps 40 per cent of the whole letter, are listed directly on the letter with which they go to the Federal Reserve Bank. If later reference is necessary, we look up the duplicate bearing the total which appears under ⁂2 on the proof sheet.

AFTER the bunches of checks are thus proved out, the float department gets this sheet, and the float is all reduced to a one-day basis by means of calculating machines. The operator begins (in the sheet illustrated) by pressing the keys for 2249, omitting the cents. This is one day on 2249. Next she presses 4428 twice thus taking two days on 4428. Similarly she goes through the entire sheet multiplying out the amounts by the number of days, and at the end her machine registers 52,075. In other words the total interest deduction on float on account of this letter must be the amount of interest on $52,075 for one day, all the float being at once reduced to a one-day basis.

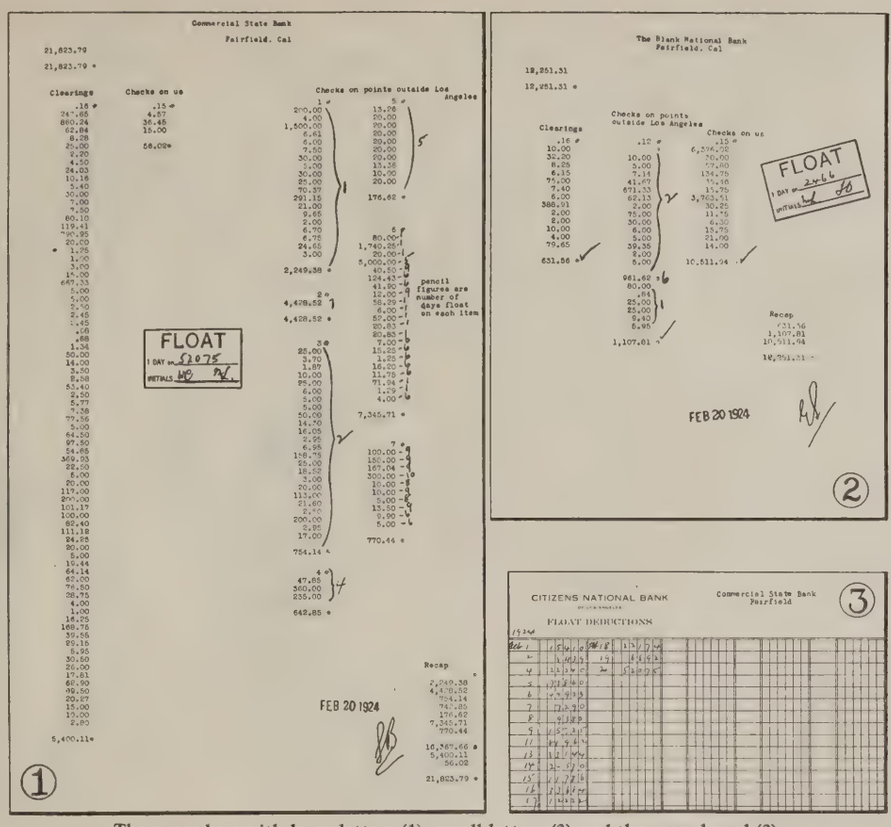
A second girl now makes the same computation, and as she gets the same total she places her initials also within the space for that purpose. We can be sure that the float calculation is correct on this account, and, as it is all brought to one day, we have only one set of totals to record instead



of having to keep track of one-day, two-day, three-day, four-day, five-day and so on up to twelve-day, as formerly. The card (3) on which therecordismade, is merely the amounts and dates. At the end of the month it is totalled and the interest for one day on the grand total is deducted from the interest allowed on the account in the country books.

In the case of the small letters, the procedure is identical. Days are penciled against the amounts and multiplied out by the calculating machines. Tohelp in the work of recording the number of days, the sorters place their two-day items on top and the runners make a sub-total (in this case 961.62) so as to get the two-day items all together and save multiplications in the float department.

After the checks leave the sheets, they are indorsed by machine and handed to the departments: Clearings to the Clearings Department, checks on ourselves to Individual Bookkeepers (where there is a supplementary process of sorting and running to the various bookkeepers), and remits to the Transit Department. The bunches of checks from the small letters must be re-sorted and proved, of course, but those from the large letters are already sorted and their totals proved.




The procedure with large letters (1), small letters (2) and the record card (3)

WE MAY be asked why we cannot arrange our outgoing divisions of the Transit Department so that all one-day items go to #1, all two-day stuff to #2, and so on through. We do it as far as possible, but the joker is this: all our Northern California checks, San Francisco, Oregon, Washington, Nevada, Utah, Wyoming and Montana items go north each afternoon on the 5:30 train (The "Owl"). They comprise all numbers of days from 1 to 7, and we have to get them all into one set so that if we shouldbedelayed, we can double-list them out and catch the train without waiting for the whole departmenttostrike a balance.

Therefore we are obliged to get some kind of system for taking care of float on individual items as well as on sets, all of which take the same number of days. Our #7 comprises "General Eastern" and takes care of all the miscellaneous items we get payable all over the East, outside the four- and five-day points. Here again we have checks with differing numbers of days' float all mixed up.

The big advantage of the system lies in the individual proof of letters so that errors in incoming letters are immediately discovered, and in the saving of time by consolidating into one sorting the routing of the transit items in the larger letters.

# The Meaning and Methods of Securities Service

*By* FRANK L. WENDELL

TO THE great mass of people who work for a living, it seems simply incredible that any one should complain because of having so many coupons to clip. I shall never forget how as a boy I wondered at one of my father's visitors who complained that his hand and arm were lame from clipping coupons from his bonds for an hour, more or less.

When you stop to think about it, there is a lot of actual physical labor connected with the cashing of coupons, especially if you're a millionaire and take care of your own securities. Suppose you owned $1,000,000 in bonds. Even if they were in $5,000 denominations, you would have 200 coupons to clip several times a year.

But detaching coupons and depositing them to the credit of the owner or remitting the money to him is one of many services performed for clients by the custodianship or safe-keeping department of modern banks and trust companies.

However, it is not only the person of great wealth who can advantageously make use of such safe-keeping services. Any one who owns securities to the amount of several thousand dollars should use the safe-keeping department of some financial institution. Here is the story of one who didn't:

A few years ago there died in Philadelphia an old woman by the name of Ellen Walsh. She was a thrifty old lady and saved her pennies dutifully. Gradually her pile grew and as it accumulated she bought stocks of old reputable companies with unbroken dividend records. But Ellen had no confidence in any one; her husband, her daughter and all others were strangers to her financial transactions.

Ellen died suddenly, but no one could learn where her money was. There was no trace of it. High and low the family hunted without avail. All the time they knew that she had hidden her valuables, for the dividend checks came regularly. Months and months went by. The suspense became unbearable, and in order to have the estate settled, Ellen's husband and daughter had duplicate securities issued, a very costly and troublesome proceeding.

Months later the daughter was burning up an old mattress and by

(Continued on page 44)

# Mr. Clutchbill Kicks Goal

*By* FRED COPELAND

THERE was a monkey-like nimbleness in the elbows of Cashier John Atwood on a certain evening when he shinned up into his upper berth for the night run back to the Ferndale National in the country. Hadn't he again obtained an audience with the president of the Great Eastern National Bank? As usual the president of the great bank had spoken of their service of procuring theater tickets, hotel reservations and other accommodations. And then John led out his—well, you might call it his partridge service. He had suddenly asked the president of the Great Eastern National if he didn't have a friend or a valued customer who would enjoy the partridge hunting in the locality about Ferndale village. If he did, John was ready personally to conduct whatever was offered.

You know how easy it is to imagine things in an upper berth. John began supposing his new service was proving popular. He fancied he had just saved the life of a powerful politician that the president of the Great Eastern National had sent up for the partridge hunting. Surely he would be rewarded for that! He would have a seat beside one of the Great Eastern's vice-presidential windows where he could hear the throaty, vibrating roars of the liners off the harbor. That would be a gleeful change from the nightly screech owl up in Moulton's pasture, thought John. It takes an upper berth to start the flapping of magic sails.

Consider, however, John's surprise four days later when he received a personal letter from the Great Eastern National Bank which had been snugly tucked in the regular remittance letter. Was fate trying to make love to him? Listen to the letter:

John Atwood, Esq., Cashier,
Ferndale, Vt.

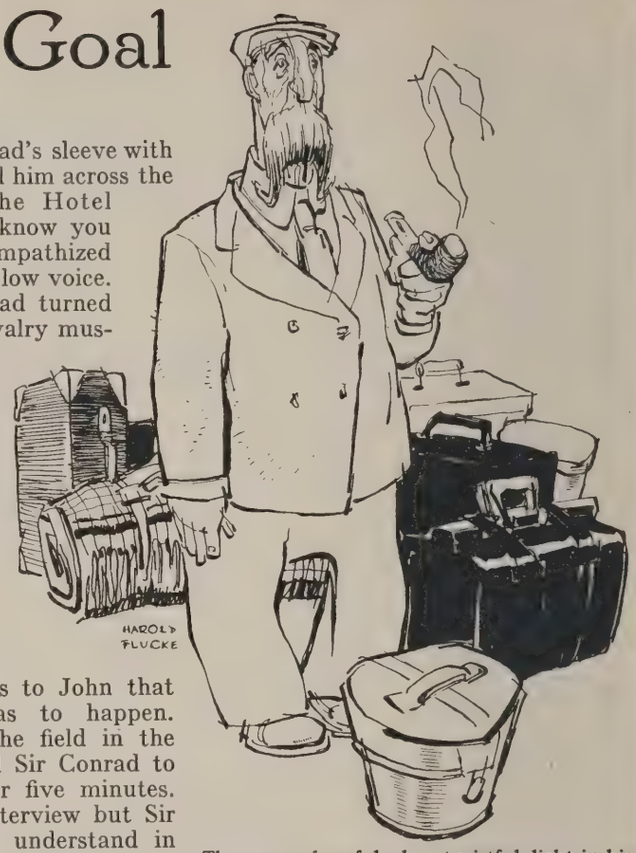
Dear Sir:

Referring to our chat of four days ago, I wish to advise that Sir Conrad Ravenglass, a relative of one of our directors, will arrive in Ferndale en route to Montreal on the 6:30 p. m. train on the 10th inst.
Sir Conrad Ravenglass wishes to experience for a day the American method of upland hunting, and we have not forgotten your "partridge service" which you so kindly offered. Anything you can do for Sir Conrad will be highly appreciated.

Yours to serve,
Oct. 9th. Llewellyn Bramble,
President.

That evening when the 6:30 coasted in shooting fire from her brakes on the Main Street crossing, it dropped seven travelling bags and Sir Conrad Ravenglass on the platform. John gathered in the slack of Sir Conrad's sleeve with a brotherly grip and led him across the village square to the Hotel Muldoon. "I didn't know you had an invalid son," sympathized Patrick Muldoon in a low voice.

And then Sir Conrad turned around. A heavy cavalry mustache hung from his face. Either from hard riding or the heft of the mustache his small legs were bowed, but there was a hopeful, almost wistful, light in his eye. After such a sincere look John resolved to give him the time of his life. But it can be set down here that it was to John that this phenomenon was to happen.



There was a hopeful, almost wistful, light in his eye as he disembarked from the 6:30 with his bags

Before they took the field in the morning John exposed Sir Conrad to Director Clutchbill for five minutes. It was not a noisy interview but Sir Conrad was made to understand in broken Yankee and English that the Ferndale National Bank stood squarely back of him, which was the same as saying in Ferndale village that he held the key to the situation.

With this settled, or as they thought settled, John got the gun cases, shells and Sir Conrad into his roadster and then backed out of the bank slip by the curb. He at once headed his car for Hen Magoon's cider mill, scene of many a successful bird hunt.

Now the situation of Hen Magoon's cider mill is common enough unless you were raised under glass in the city. But in order for you to understand the particulars of the coming melee you should know the mill squats beside its splashy water wheel in a little valley about two miles from the village. Up the brook a couple hundred rods the bush begins and it is uncommon good partridge cover. Moreover, there are a few wild apple trees in this jungle that no partridge will leave save under great pressure.

It was into the dark coolness of the cider mill that John led Sir Conrad. Hen Magoon was a lengthy man of bone with an over-shot face. He was putting the great wooden screw press to a mess of apple pulp when Sir Conrad came to his notice. Sir Conrad in his low knickers and double peaked helmet presented a sight Mr. Magoon had never encountered in real life. He let go the press and slowly advanced beaming with curiosity and genuine brotherly love.

"We want to leave our extra stuff here, Hen, while we gun up the holler a ways," explained John after he had made a proper introduction.

"Mister," said Hen to Sir Conrad, "it would be folly for you to expose yourself to the trials of the bush on such a hot mornin' without fortifying your inwards with a glass of my best cider."

"Righto!" purred Sir Conrad in that soft yet commanding voice all English gentlemen have.

Hen Magoon placed a thick tumbler under the spigot of a barrel a week old. A fine stream of white foam hissed out, clearing like champagne with an amber like the noon of autumn's glow rollicking up within the old tumbler. It was harmless but it looked real and like home to Sir Conrad. Regretfully he followed John outside.

HALF way to the bush Sir Conrad became talkative. He spoke about the English methods of gunning upland birds. With the strange handling of his English words and his hurry to get them out into the air John could not gather in Sir Conrad's announcement that English hunting was done in the open, and that the English partridges were driven out by beaters, thus allowing clear, open shots.

It was for this reason the program jammed when they came to the thick patch of alders which led back into the thicker hardhack and birch where the birds always hide.

"Must we go in there?" asked Sir Conrad in astonishment.

"Sure," said John, "it's nothing after you get used to it."

"But I can't shoot in there!" objected Sir Conrad. "Fancy holding on a bird in such a thicket."

"I'll drive them by you....scare them your way," persisted John.

"I rawther not! Can't you drive them out here?"

"I'll try....try anything!" agreed John, breaking into the thicket in full knowledge that the American partridge will not leave cover when there is cover.

For half an hour John raged around under the wild apple trees, flushing plenty of birds. Each time that the sudden whirr of wings betokened a flushed bird he would sing out and from his hillock in the open Sir Conrad would rise and present arms, but no bird was accommodating enough to break cover. Finally John picked an alder prong out of his ear, rose to a standing posture, mopped his head and broke cover, himself.

"I'm afraid it's no use, sir," he said in an apologetic voice. "Maybe if I could get hold of a few fellers to scare 'em around faster they'd break cover."

"Can't we go back to the still while you do it?" smiled Sir Conrad.

"Cider mill," corrected John.

"Righto....cider mill," repeated Sir Conrad happily.

IT SEEMED a secure place to leave Sir Conrad till John could make the trip to the village and back with a couple of bushwhackers.

When he reached the village he dashed into the bank and told Director Clutchbill the kind of a time he was having.

"He won't go into the woods?" asked Mr. Clutchbill, doubting his own mind.

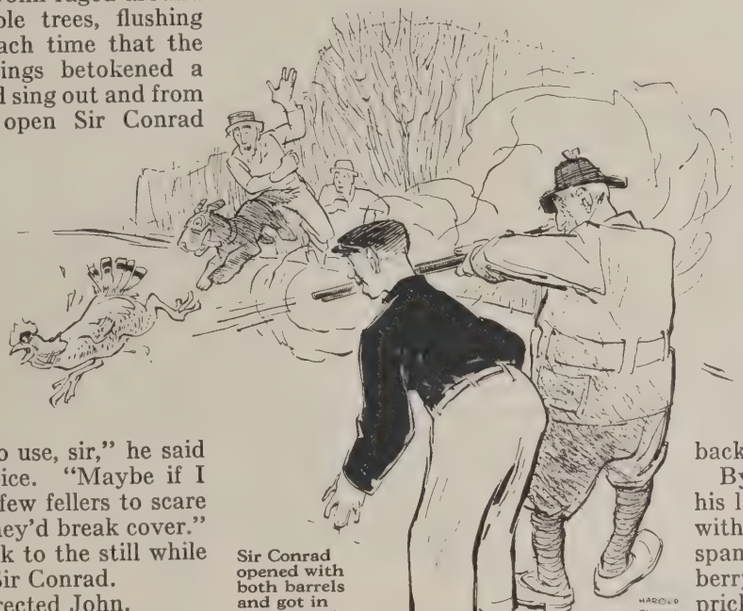
"Not a step....he wants them to fly in the open like crows."

"Don't git no bushwhackers," advised Director Clutchbill, "we can't pay for no deaths. If I ever git shut of runnin' the bank this afternoon I'll chase a partridge right into his lap, myself. You go back and play euchre or something with him till four o'clock, then you get him set about twenty rods below the alder swale where the brook comes out of the cider mill woods. I can run a bird past him that'll cause talk. And tell him to lay his shells where he can get 'em quick."

"But, Mr. Clutchbill, are you sure? ....it's an awful job to make one of those cider mill brook partridges quit cover."

"You go and get set," ordered Director Clutchbill. "I was raised in these woods when partridges wa'n't no bigger'n wasps. I know what makes 'em run and what makes 'em fly and how they count time and how they wear their tail feathers."

The moment John left, Director Clutchbill snatched up the bank telephone and held a long palaver with Ferndale village's greatest nimrod, Oliver Bero, a bird hunter of such catfooted stealth he never failed to show a few partridges hanging in his woodshed.



Sir Conrad opened with both barrels and got in three more shots before the melee swept by

At 3 p.m. Director Clutchbill closed the door of the Ferndale National and left the settling of the cash to Willie Dexter and the bookkeepers. At 3:30 Mr. Clutchbill and Mr. Oliver Bero got out of Mr. Bero's car near the cider mill partridge cover. Mr. Bero returned after a scout and reported John and Sir Conrad entrenched on a hummock twenty rods down the brook from the cover.

Guided by this information, Director Clutchbill took a large bird from the rear of Mr. Bero's car and started for the edge of the alders followed by Mr. Bero and his black spaniel on a rope.

At the last corner of the alders Director Clutchbill ordered Mr. Bero to seize a stick, hammer around in the alders and do a lot of yelling. At times Mr. Clutchbill, himself, let out shrill cries. And when the chorus had swelled to volume, he turned loose the great bird under his arm, then, shortly afterwards, Mr. Bero's black spaniel was unleashed and pointed toward the bird which was following the line of least resistance down the brook valley.

Twenty rods down stream stood John with a strange eye bent on the advancing bird. On Sir Conrad's face, however, there played the light of satisfaction; he knew how to handle driven game. But it appeared he was not used to its speed in American waters. Although every time Mr. Bero's fat spaniel pulled her legs together with a jerk which made her ears snap, she was unable to overhaul her quarry; only extend it to its utmost pace which took the form of spasmodic leaps into the air. Back of them came bounding Mr. Clutchbill straining every tendon to keep in sight of the flying pair ahead of him. "Fire! Fire!!" he yelled when the van drew abreast the battery.

SIR CONRAD opened with both barrels and got in three more shots before the melee swept by.

"You winged your bird, sir," cried John, noticing the bird no longer leaped into the air, but ran with long loping strides close to the ground. "Come on, sir!"

The spaniel and Mr. Clutchbill had already flashed by in full stride. But because of their great age they were unable to overtake the mottled bird before it ran into the blackberry patch back of the cider mill.

By request Hen Magoon came from his labors in the mill, and he together with Director Clutchbill, John and the spaniel wiggled sidewise into the blackberry jungle with its millions of prickers. It was a stirring sight. The sudden bendings and more sudden risings as each member lunged for the great bird only to be electrocuted on the pistol pocket by a blackberry needle. Then John let out a full-lunged whoop and stood up in the middle of the patch with a great grey bird flapping in his face.

When the army came out of the brier patch both of Mr. Clutchbill's shirt sleeves were slit to the collar. Mr. Hen Magoon had entirely shed one overall leg, amputated at the knee. Across John's face were a couple of red streaks like sabre cuts, the result of his last successful lunge.

"Ain't he a beauty?" cried Director Clutchbill, looking at Sir Conrad, as he passed his hand over the barred tail feathers of the great bird which John held aloft.

Hen Magoon gave the bird a close inspection and was struck dumb. He looked at Director Clutchbill and his eyebrows fluttered frantically for a moment, but his face remained "set."

"My word! it looks like a *capercailzie*, our great English grouse!" observed Sir Conrad.

"Exactly, sir! a gallinipper! it must have strayed from Texas!" John held the bird proudly aloft, a bird which

the Hotel Muldoon served that night to its honored guest.

Sir Conrad Ravenglass journeyed along the next morning toward Montreal where he was to embark for England.

About a week later Director Clutchbill spread a large blank sheet of paper before him in the front office of the Ferndale National. He headed it "Expense Account" and set down the following items:

| | |
|---|---|
| To Oliver Bero's rooster..... | $4.00 |
| To Oliver Bero for labor, i.e., clipping off native tail feathers of above rooster and wiring on partridge tail feathers..... | 1.75 |
| To Oliver Bero for labor, i.e., transporting self and rooster to cider mill alders..... | 3.00 |
| To 1 shirt destroyed in berry patch | 2.00 |
| | $10.75 |

"There," said Director Clutchbill, "there's mine. You can put yours in when you're able to write again."

John took the sheet and handed Mr. Clutchbill a letter he had received that morning from the Great Eastern National Bank. Mr. Clutchbill adjusted his spectacles, slid down in his chair, and read:

John Atwood, Esq., Cashier,
Ferndale Nat'l Bank,
Ferndale, Vt.

Dear Sir:

We wish to thank you again and again for the delightful time you staged recently for our valued English customer, Sir Conrad Ravenglass.

We quote from a letter just received by his brother-in-law who is one of our directors: "Although I have now passed four days and four nights in Montreal visiting the Venetian Gardens, the Mount Royal Roof, the Motorists' Inn, Notre Dame Cathedral and Molson's Brewery, I have not as yet experienced a thrill as great as that arranged for me by your correspondents, Colonel Clutchbill and Manager John Atwood of the Ferndale National Bank. Give me the personal liberty to recommend them highly."

We trust we may be privileged to make use of your kind hunting service again.

Yours to serve,

Llewellyn Bramble,
President.

# A Merry Christmas Party for 16,000 Children

*By* A. T. HUIZINGA

CHRISTMAS, 1923, was the twentieth Christmas anniversary of the Peoples Stock Yards State Bank, and so in anticipation of the twentieth anniversary that was to occur early in 1924 the bank took the occasion to celebrate. It decided to give a huge Christmas party for the children of its immediate district "back o' the yards" and in doing so it hoped to accomplish two main things. In the first place, it wanted to win as friends the coming generation of bank depositors. And in the second place, it took this very effective means to let the district know that the bank's twentieth anniversary was not far away. Incidentally, it sought to gain the good will of the fathers and mothers in that district of Chicago.

When the bank decided to invite the children of the district to a free party, it little realized the magnitude of the undertaking. The Christmas party that was planned in celebration of the twentieth Christmas anniversary consisted of a "special, great moving picture show, vaudeville entertainment and Christmas party with a gift for every child." From the "modest" original plan of renting a theater seating 2,000, the plans grew to a schedule of eight separate parties—two each afternoon for four days.

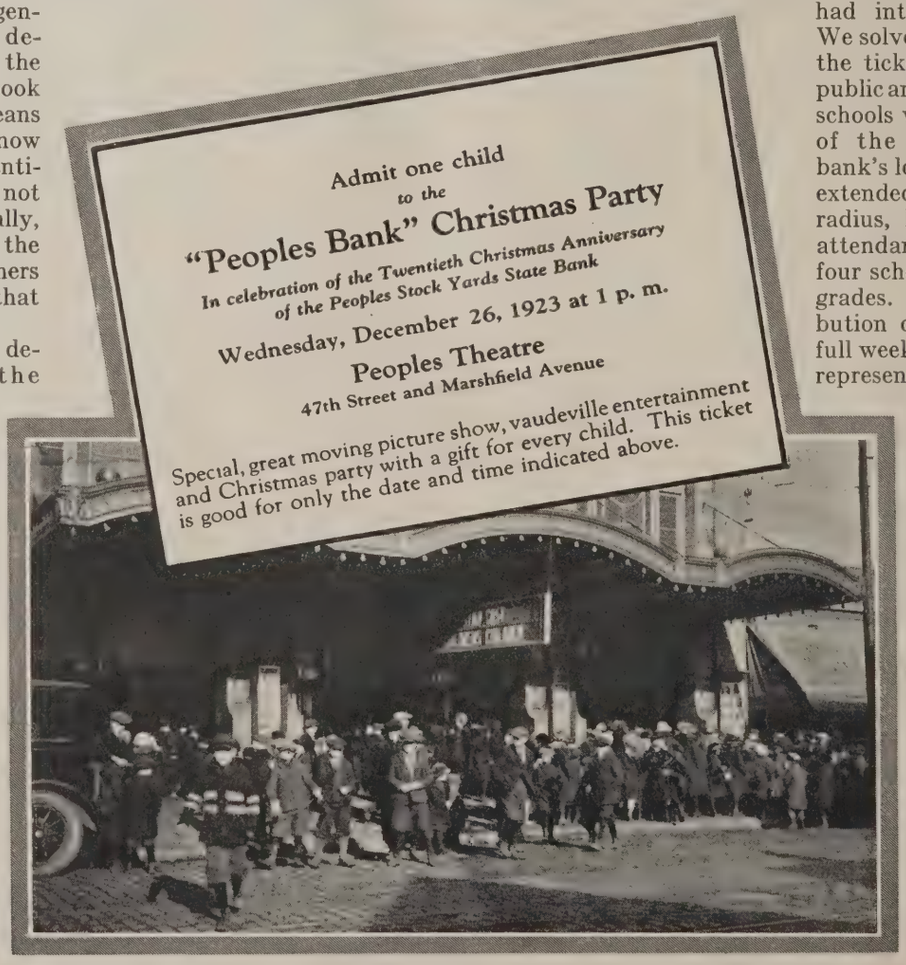
The most serious problem to be solved was the method of distributing the tickets. But that goes still further back to the early decision that admission was to be by ticket only. For had the bank sent out a broadcast invitation, all 16,000 would have been on hand for every party. Eight sets of 2,000 tickets were printed, of different colors, dates and times, each good for a specified performance. There were eight distinct performances, two each day for four days.

Though we were careful to overlook none of the children lest we miss contacts that might prove valuable, we faced a more complicated problem of bringing together in one party all those who knew each other and had interests in common. We solved it by distributing the tickets through the six public and eighteen parochial schools within a mile radius of the bank. True, the bank's logical trade territory extended far beyond a mile radius, but 16,000 was the attendance in these twenty-four schools in the first eight grades. The actual distribution of tickets required a full week, because the bank's representative had to visit every one of the 300 rooms and make a three-minute "speech" of invitation in each room.

This direct contact was very valuable, and incidentally it disclosed the fact that over 90 per cent of the children knew the bank and where it was located. All were advised to take the tickets home to their mothers for safekeeping.

The eight

(Continued on page 44)



# Anticipating the Future Thirty Years

## The New Home of an Old New York Bank, Its Elliptical Island and Its Unit System of Tellers by "Quadrants"

*By* GEORGE W. GRAY

*Photos by Mattie Edwards Hewitt*



A section of the oval working space

WHAT is the advertising value of a building? Is there any way of computing the comparative business advantage between a banking house that is merely adequate, and one that is not only adequate but architecturally impressive and magnificent?

I know no formula for making this calculation, but I have heard bankers say that a fine building is the best bank advertisement in the world. Here is a bit of experience that seems to uphold this view.

The Greenwich Savings Bank—third oldest in New York, a bank that has paid depositors interest continually for ninety-one years—recently moved its main office from its old building on lower Sixth Avenue to a new building uptown.

In its old quarters the bank had been losing depositors for seven years. On May 19 it opened for business in the new building and from that opening day it has steadily gained in accounts and deposits. Not a week has gone by that has not registered a net advance. Even in July and August, which are normally poor months for savings banks, it gained substantially.

There are other factors, of course. The new location is strategic, its site commanding. The move brought the bank into the heart of the retail district. The bank has advertised in local newspapers, put up an immense sign on Broadway, circularized its clientele with a monthly bulletin. These publicity efforts have been directed in a straightforward way, without any stunts, contests, prizes, or special inducements.

The focal point of all the promotion has been the new building. It has attracted visitors, is daily attracting them. People have come in to see fine architecture, and have later come back to open an account. Proud depositors have brought in neighbors and relatives to show them "our bank" and introduce them, and a great many of these introductions have resulted in new accounts with the bank. Recently a man passing along Broadway wandered in, attracted by the architecture. His enthusiasm over the building led one of the officers to introduce himself, and the visitor proved to be the distinguished art critic of a metropolitan newspaper, an authority of international fame in his field.

Emphatically the most valuable publicity factor, in the judgment of the bank's officers, and the one that is mainly responsible for the continuing growth of new business, is the great, many-columned building, with its classic facade, its majestic lines, its spacious and richly beautiful interior.

Quite apart from architectural distinction, however, this new building is important for its contribution of new ideas for facilitating business. It embodies exceptional features that represent the collaboration of experts in building with experts in equipment and methods.

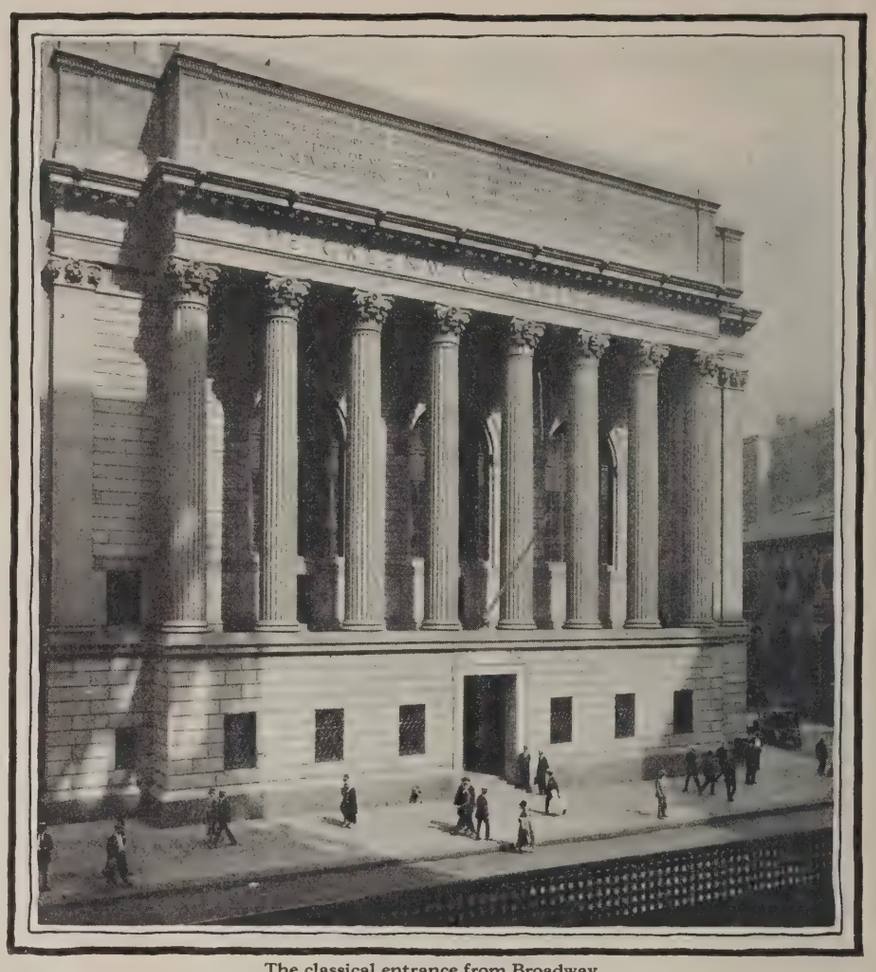
Perhaps the most striking and obvious departure from the conventional is the great oval banking room, with the working quarters concentrated in an elliptical island in the center, surrounded by an aisle eighteen feet wide all around. This interior is the more surprising because the exterior is almost rectangular, with straight frontages on Broadway, Thirty-sixth Street, and Sixth Avenue, and the outside proportions lead one to expect a correspondingly rectangular interior. One finds instead a massive oval, whose



The officers' quarters overlook the "island" in the lobby

ceiling is the domed roof six stories above supported by gracefully curving walls of carved limestone.

But practical considerations led to the adoption of the plan. The trustees wanted, first of all, the island system of arrangement for the working quarters, since their investigation convinced them that it was the most efficient. Secondly, they wanted equal entrances at opposite ends of the building leading in from Broadway and from Sixth Avenue, since both are main thoroughfares. Finally, they wanted ample space for the movement of depositors. These three conditions were regarded as desirable to facilitate business, serve depositors promptly, and utilize floor space to the best advantage. Five months of business under these conditions have demonstrated the efficiency of the arrangement.



The classical entrance from Broadway

THE working quarters within the island are standardized according to a modification of the unit system. The layout here is the result of a very careful study on the part of the bank officials, who visited various banks in which the unit system is used, tested the system, and finally worked out the modification which has been put into effect here.

A typical unit system subdivides the counterscreen into a series of cages, each of which is a miniature bank. The teller in each window is empowered both to receive and pay. He has at his back a bookkeeper to verify items, and he and the bookkeeper together serve all the banking needs of the depositors assigned to his window.

The arrangement which the bank has adopted divides the elliptical counterscreen into quadrants. Each quadrant is a unit, a miniature bank for the service of a designated number of depositors, and it is made up of a series of windows in each of which the teller is specialized. Each quadrant thus has tellers for (1) receiving new accounts, (2) receiving deposits, (3) withdrawals and crediting interest, (4) paying depositors. In apportioning accounts among the units, the numerical arrangement is followed.



A corner of the officers' dining room

THE order of arrangement for windows and cages was carefully planned to economize space and labor. Each quadrant begins with a new-accounts window, and in each case it is the window of its quadrant nearest an entrance to the building. All signature cards for his section are directly behind the draft teller. The ledger cards are in drawers which open on the opposite side from those containing the signature cards. Thus all records are easily available. The compact organization of each unit is such that in no case will a pass book have to travel more than nineteen feet, the distance between the last card-ledger tray and the cage of the last draft clerk. The net result of this carefully planned organization and layout is speed and proficiency in serving the depositor.

Four entrances give access to the island—a grilled door at each end of the long axis, a staircase and an elevator to the basement. The elevator rises in the center of the island, pushing

(Continued on page 46)

# The Borrower's Financial Statement

## The Requirements, for Better Business, of Federal Reserve Banks With Members, and of National Banks With Customers

*By* CHARLES E. DUFFIE

IN THE early days of June, 1922, a little group of men held a meeting in one of the many offices in the Treasury Building at Washington, D. C.

It was not an unusual meeting in one sense of the word; as a matter of fact it was quite routine in its nature. Those in attendance were the twelve chief national bank examiners from the several districts of the United States. They were in conference with D. R. Crissinger, then Comptroller of the Currency.

Meetings such as this still are held. Views are exchanged, problems encountered since the last meeting are discussed, and every endeavor is made to consider the tremendously important work which these men do, from every angle which may lead to greater efficiency and skill in solving the many puzzles which daily confront them.

The particular meeting mentioned passed into history quite unheralded as any more important or significant than the others which had preceded it; and yet, because of a certain point raised regarding a matter of banking practice in the State of Nebraska, it was destined to exert a very great influence on the banking business of the entire country.

As a result of the discussion, Comptroller Crissinger wrote a short letter—a letter which, for all practical purposes, inaugurated seriously the policy of establishing credit departments in small as well as large national banks—a practice which has since become general with banks in all classes. For that reason, the letter is worth reproducing here. It follows:

Washington, June 5, 1922.

To Board of Directors
of all National Banks:

The necessity of requiring financial statements from borrowers has long been apparent to this office and an endeavor has been made to impress upon the management of national banks the importance of this matter by having the examiners discuss it with the directors while in the bank. All banks, however, have not as yet adopted the practice of requiring such statements.

This office, the State banking department and the Bankers' Association of Nebraska have united in requesting all banks in Nebraska to obtain from borrowers of $500 or more, whose loans are not adequately secured by liquid collateral, a satisfactory financial statement upon which to base accommodations extended.

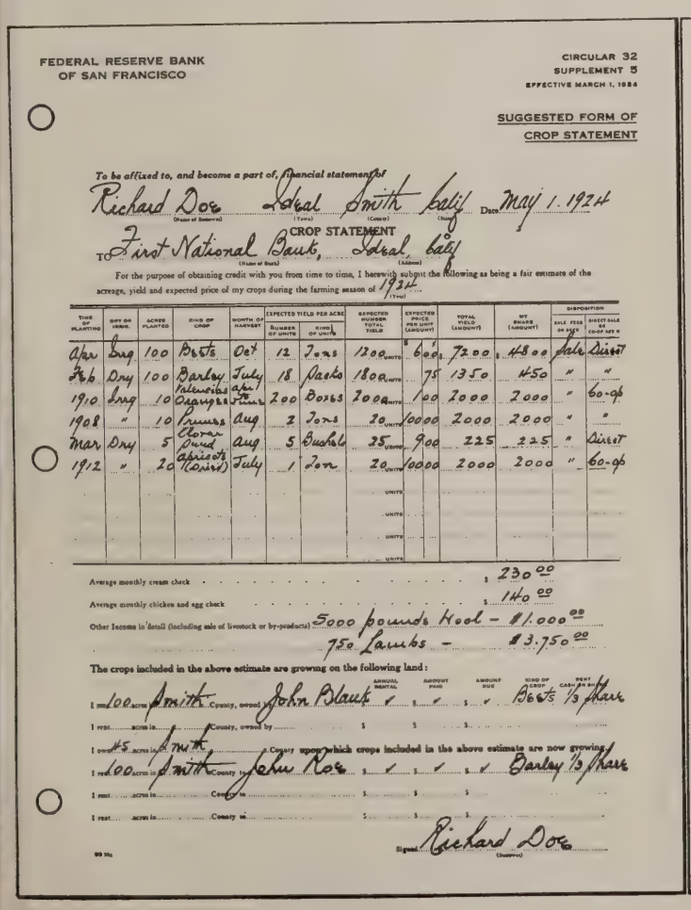
It is desired that national banks in other states shall also adopt this practice, and you are requested and urged, therefore, to put this plan into operation.

Please acknowledge receipt of this letter and advise what will be done in the premises.

Respectfully,

D. R. CRISSINGER,
Comptroller.

This letter was not an *order* to national banks to install a credit system which should contain financial statements from borrowers. As a matter of fact it is generally admitted that the comptroller had no legal authority for issuing such an order. But, as expressed by one prominent Washington banker, "it was a *request*, and a very urgent one, too, which called attention to the necessity for all banks to adopt a plan which has made for better banking."



FEDERAL RESERVE BANK OF SAN FRANCISCO

CIRCULAR 32
SUPPLEMENT 5
EFFECTIVE MARCH 1, 1924

SUGGESTED FORM OF CROP STATEMENT

To be affixed to, and become a part of, financial statement of

Richard Doe (Drawer or Borrower) Ideal (Town) Smith (County) Kaly (State) Date May 1. 1924

CROP STATEMENT

TO First National Bank (Name of Bank) Ideal (Address) Kaly

For the purpose of obtaining credit with you from time to time, I hereby submit the following as being a fair estimate of the acreage, yield and expected price of my crops during the farming season of 1924 (Year)

| TIME OF PLANTING | DRY OR IRRIG. | ACRES PLANTED | KIND OF CROP | MONTH OF HARVEST | EXPECTED YIELD PER ACRE: NUMBER OF UNITS | EXPECTED YIELD PER ACRE: KIND OF UNITS | EXPECTED NUMBER OF UNITS TOTAL YIELD | EXPECTED PRICE PER UNIT (AMOUNT) | TOTAL YIELD (AMOUNT) | MY SHARE (AMOUNT) | DISPOSITION: SALE FEED OR SEED | DISPOSITION: DIRECT SALE OR CROP SETTLEMENT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Apr | Irrig | 100 | Potato | Oct | 12 | Tons | 1200 units | $ 6.00 | $ 7200 | $ 4800 | Sale | Direct |
| Feb | Dry | 100 | Barley | July | 18 | Sacks | 1800 units | 75 | 1350 | 450 | " | " |
| 1910 | Irrig | 10 | Valencias and Oranges | Feb to June | 200 | Boxes | 2000 units | 1.00 | 2000 | 2000 | " | 60-90 |
| 1908 | " | 10 | Prunes | Aug | 2 | Tons | 20 units | 1000 | 2000 | 2000 | " | " |
| Mar | Dry | 5 | Clover Seed | Aug | 5 | Bushels | 25 units | 9.00 | 225 | 225 | " | Direct |
| 1912 | " | 20 | Apricots (Dried) | July | 1 | Ton | 20 units | 1000 | 2000 | 2000 | " | 60-90 |
| | | | | | | | units | | | | | |
| | | | | | | | units | | | | | |
| | | | | | | | units | | | | | |
| | | | | | | | units | | | | | |

Average monthly cream check . . . . . $ 230.00

Average monthly chicken and egg check . . . . . $ 140.00

Other Income in detail (including sale of livestock or by-products) 5000 pounds Wool - $1.000.00

750 Lambs - $3.750.00

The crops included in the above estimate are growing on the following land:

I own 100 acres in Smith County, owned by John Blank / $ / $ / $ / Kind of Crop Beans / Rent 1/3 share

I rent ... acres in ... County, owned by ... $ ... $ ... $ ... ... Rent ...

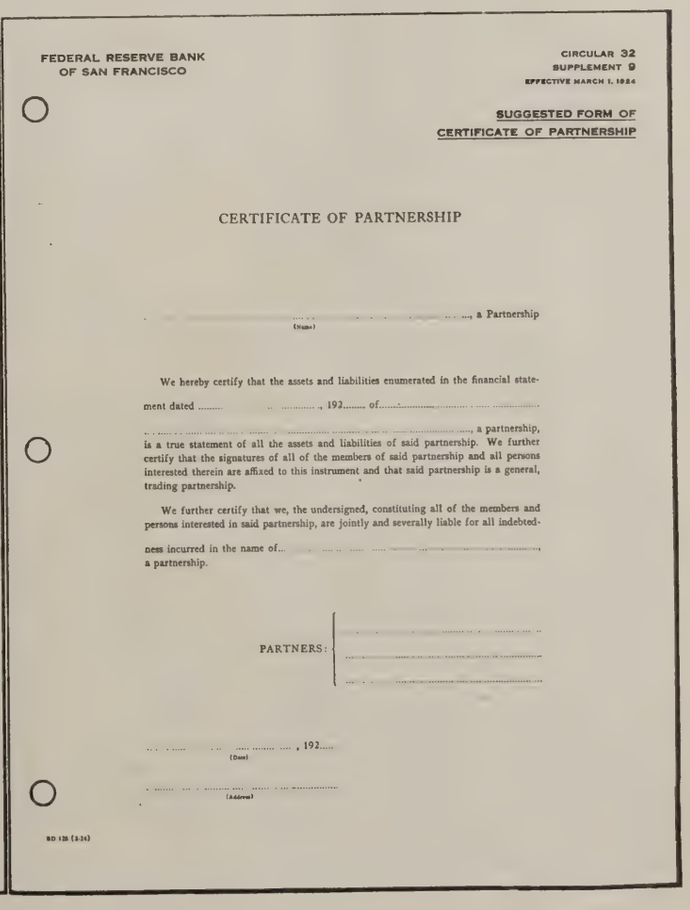
I own 45 acres in Smith County upon which crops included in the above estimate are now growing

I rent 100 acres in Smith County to John Roe $ / $ / $ / Barley 1/3 share

I rent ... acres in ... County to ... $ ... $ ... $ ... ... Rent ...

I rent ... acres in ... County to ... $ ... $ ... $ ... ... Rent ...

Signed Richard Doe (Drawer)



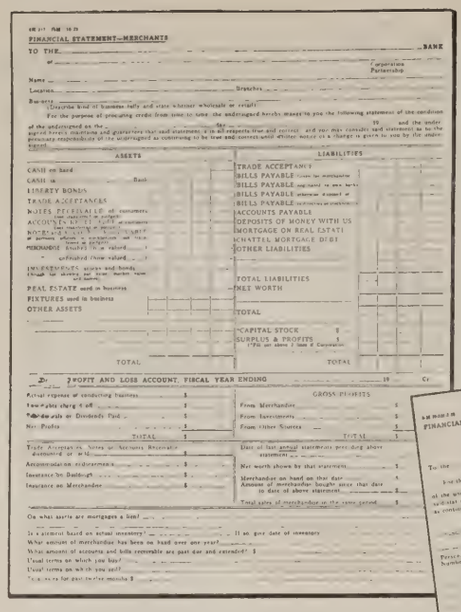
FEDERAL RESERVE BANK OF SAN FRANCISCO

CIRCULAR 32
SUPPLEMENT 9
EFFECTIVE MARCH 1, 1924

SUGGESTED FORM OF CERTIFICATE OF PARTNERSHIP

CERTIFICATE OF PARTNERSHIP

..... (State) ..... ..... .....


FINANCIAL STATEMENT—MERCHANTS

TO THE _____ BANK

Corporation / Partnership

Name _____

Location _____ Branches _____

Business _____

(Describe kind of business fully and state whether wholesale or retail)

For the purpose of procuring credit from time to time the undersigned hereby makes to you the following statement of the condition of the undersigned on the _____ day of _____ 19__ and the undersigned hereby warrants and guarantees that said statement is in all respects true and correct, and you may consider said statement as to the person or responsibility of the undersigned as continuing to be true and correct until written notice of a change is given to you by the undersigned.

| ASSETS | | LIABILITIES | |
|---|---|---|---|
| CASH on hand | | TRADE ACCEPTANCES | |
| CASH in _____ Bank | | BILLS PAYABLE (Given for merchandise) | |
| LIBERTY BONDS | | BILLS PAYABLE (not given for merchandise) | |
| TRADE ACCEPTANCES | | BILLS PAYABLE (otherwise secured or unsecured) | |
| NOTES RECEIVABLE (Customers) | | ACCOUNTS PAYABLE | |
| ACCOUNTS RECEIVABLE (Customers) | | DEPOSITS OF MONEY WITH US | |
| NOTES & ACCTS. RECEIVABLE (Not classified as customers, officers or employees, whether secured or unsecured) | | MORTGAGE ON REAL ESTATE | |
| MERCHANDISE (Lower of cost or market value) | | CHATTEL MORTGAGE DEBT | |
| Manufactured (how valued) | | OTHER LIABILITIES | |
| INVESTMENTS (Stocks and bonds, through no quick or firm market value) | | TOTAL LIABILITIES | |
| REAL ESTATE used in business | | NET WORTH | |
| FIXTURES used in business | | | |
| OTHER ASSETS | | TOTAL | |
| | | CAPITAL STOCK $ | |
| | | SURPLUS & PROFITS $ (Only use above if firm or Corporation) | |
| TOTAL | | TOTAL | |

Dr PROFIT AND LOSS ACCOUNT, FISCAL YEAR ENDING _____ 19__ Cr

| | | | |
|---|---|---|---|
| Actual expense of conducting business | $ | GROSS PROFITS From Merchandise | $ |
| Interest paid or accrued | $ | From Investments | $ |
| Depreciation or Dividends Paid | $ | From Other Sources | $ |
| Net Profits | $ | TOTAL | $ |
| TOTAL | $ | | |
| Trade Acceptances, Notes or Accounts Receivable discounted or sold | $ | Date of last annual statement preceding above statement | |
| Accommodation endorsements | $ | Net worth shown by that statement | $ |
| Insurance on Buildings | $ | Merchandise on hand on that date | $ |
| Insurance on Merchandise | $ | Amount of merchandise bought since that date to date of above statement | $ |
| | | Total sales of merchandise in the same period | $ |

On what assets are mortgages a lien? _____

Is statement based on actual inventory? _____ If so, give date of inventory _____

What amount of merchandise has been on hand over one year? _____

What amount of accounts and bills receivable are past due and extended? $ _____

Usual terms on which you buy? _____

Usual terms on which you sell? _____

Total sales for past twelve months $ _____

It may be stated without hesitation that there is a strong tendency to require more complete financial statements from borrowers from national banks, no matter what the size of the loan requested may be. Not only is this true, but there is a further tendency toward standardizing such statements. At the national capital, one of the forms used by the large banks is that designed and approved by the American Bankers Association. In this form, as in many others in use throughout the country, slightly different information is requested from corporations than from partnerships or individuals engaged in business, for which reason a special blank is provided for each class of customers. It may be stated on the authority of one of the high officials of the American Bankers Association that this organization is, of course, greatly interested in the question of adequate credit information. It was stated that the clearing house examiner of the association will keep credit information on file so that member banks may obtain it when desired.

THERE is, of course, no necessity for stressing the desirability of a credit file in any bank. One leading Washington banker summed up what seems to be the prevailing sentiment when he said:

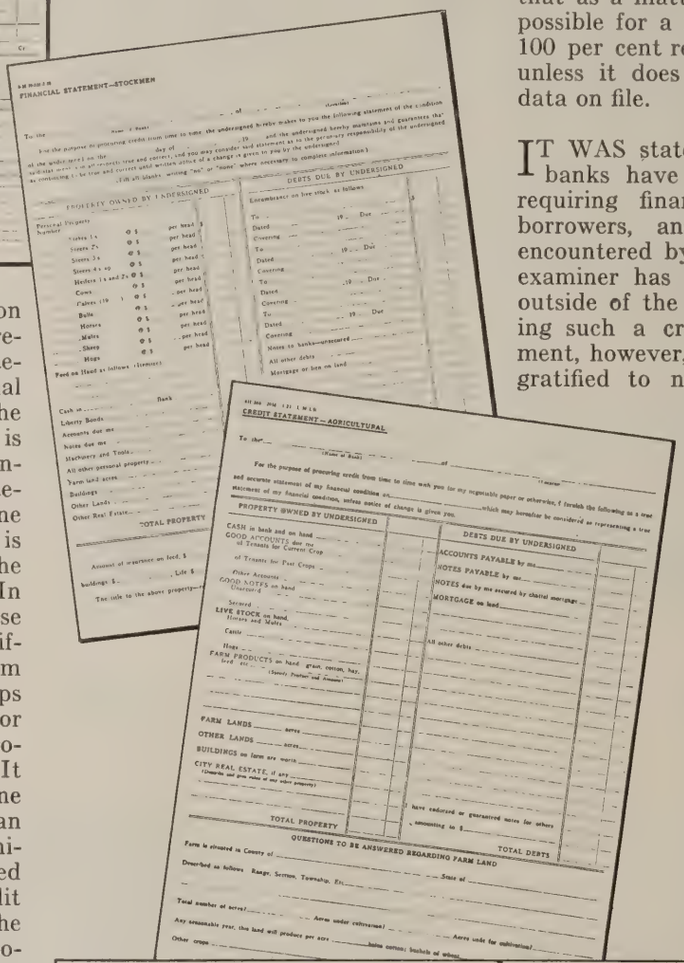
"A credit file of borrowing customers is highly desirable. Naturally a bank does not place entire dependence on such a file; but with a financial statement from a customer in hand, the securing of other desired information is greatly faciliated. The importance of maintaining such information is being recognized more and more, not only by bankers, but by all business concerns. Even credit men's associations and better business bureaus throughout the country are now urging the establishment of complete credit files in the interest of more efficient management and the tendency in that direction is very marked.

"Naturally the value of such a file depends very largely upon its freshness of data; and efforts are now being more and more directed toward revising the information at more frequent intervals. A financial statement made a few months ago may not reflect today's condition of any business institution. The necessity of constant revision is therefore plainly apparent."

A visit to the office of Chief National Bank Examiner J. W. Pole developed some highly interesting information. As an example of the interest being shown in such statements, it was stated that not only is there a growing tendency to insist on them, from borrowers from national banks, but that as a matter of fact it is now impossible for a national bank to get a 100 per cent report from an examiner unless it does have adequate credit data on file.

IT WAS stated that the large city banks have led in the matter of requiring financial statements from borrowers, and the chief difficulty encountered by the office of the chief examiner has been to interest banks outside of the reserve cities in installing such a credit file. The department, however, states that it is much gratified to note that of late the smaller banks have begun to respond remarkably well to the request to maintain such a file.

The comptroller's office insists that the discount committee of a national bank must have, as members, at least two directors who are not active officers of the bank. A very large responsibility, in the matter of loans, is put on discount committees and boards of directors, and this requirement, in itself, it is stated, makes it almost vitally


FINANCIAL STATEMENT—STOCKMEN

To the _____ Bank of _____ Branches

For the purpose of procuring credits from time to time the undersigned hereby makes to you the following statement of the condition of the undersigned on the _____ day of _____ 19__ and the undersigned hereby warrants and guarantees that said statement is in all respects true and correct, and you may consider said statement as to the person or responsibility of the undersigned as continuing to be true and correct until written notice of a change is given to you by the undersigned.

(Fill all blanks, writing "no" or "none" where necessary to complete information)

PROPERTY OWNED BY UNDERSIGNED

Personal Property Number

| | | | |
|---|---|---|---|
| Horses 1 x | @ $ | per head | $ |
| Horses 2 x | @ $ | per head | |
| Horses 3 x | @ $ | per head | |
| Horses 4 x up | @ $ | per head | |
| Mothers 1 x and 2 x | @ $ | per head | |
| Cows | @ $ | per head | |
| Calves 1 to 1 | @ $ | per head | |
| Bulls | @ $ | per head | |
| Horses | @ $ | per head | |
| Mules | @ $ | per head | |
| Sheep | @ $ | per head | |
| Hogs | @ $ | per head | |

Feed on Hand as follows (Itemize):

Cash in _____ Bank

Liberty Bonds

Accounts due me

Notes due me

Machinery and Tools

All other personal property

Farm land acres

Buildings

Other Lands

Other Real Estate

TOTAL PROPERTY

Amount of insurance on feed, $

buildings, $ Life $

Title title to the above property—

DEBTS DUE BY UNDERSIGNED

Encumbrance on live stock as follows

To _____ 19__ Due _____

Dated _____

Covering _____

To _____ 19__ Due _____

Dated _____

Covering _____

To _____ 19__ Due _____

Dated _____

Covering _____

To _____ 19__ Due _____

Dated _____

Covering _____

Notes to banks—unsecured _____

All other debts _____

Mortgage or lien on land _____

FINANCIAL STATEMENT—AGRICULTURAL

To the _____ (Name of Bank) of _____ (Location)

For the purpose of procuring credit from time to time with you for my negotiable paper or otherwise, I furnish the following as a true and accurate statement of my financial condition on the _____ day of _____ 19__ which may hereafter be considered as representing a true statement of my financial condition, unless notice of change is given you.

PROPERTY OWNED BY UNDERSIGNED

CASH in bank and on hand _____

GOOD ACCOUNTS due me _____

of Tenants for Current Crop _____

of Tenants for Past Crops _____

Other Accounts _____

GOOD NOTES on hand (Unsecured) _____

Secured _____

LIVE STOCK on hand (Horses and Mules) _____

Cattle _____

Hogs _____

FARM PRODUCTS on hand, grain, cotton, hay, feed, etc. _____

(Specify Potatoes and Peanuts) _____

FARM LANDS _____ acres

OTHER LANDS _____ acres

BUILDINGS on farm are worth _____

CITY REAL ESTATE, if any _____

(Describe and give value of any other property) _____

TOTAL PROPERTY

DEBTS DUE BY UNDERSIGNED

ACCOUNTS PAYABLE by me _____

NOTES PAYABLE by me _____

NOTES due by me secured by chattel mortgage _____

MORTGAGE on land _____

All other debts _____

have endorsed or guaranteed notes for others amounting to $ _____

TOTAL DEBTS

QUESTIONS TO BE ANSWERED REGARDING FARM LAND

Farm is situated in County of _____ State of _____

Described as follows: Range, Section, Township, Etc. _____

Total number of acres? _____ Acres under cultivation? _____ Acres unfit for cultivation? _____

Any seasonable year, the land will produce per acre _____ bales cotton; bushels of wheat _____

Other crops _____

BANKER'S ESTIMATE OF MAKER'S NET WORTH

Date _____

To FEDERAL RESERVE BANK OF ST LOUIS.

Below is our estimate of the net worth of _____ whose business or occupation is _____

Address _____

| ASSETS | | LIABILITIES | |
|---|---|---|---|
| Cash | $ | Owing to Banks | $ |
| Liberty Bonds | | Chattel mortgages (other than to this bank) | |
| Notes and Accounts Receivable | | Accounts payable | |
| Merchandise | | Other indebtedness | |
| Farm products on hand as follows. | | Mortgage on farm lands | |
| | | Mortgage on other real estate | |
| Live Stock; kind and value | | Total—Liabilities | |
| | | Net—Worth | |
| Other personal property; material and supplies—itemize | | | |
| Farm lands _____ acres | | | |
| Other Lands _____ acres | | | |
| Other real estate | | | |
| Improvements | | | |
| Farm implements and machinery | | | |
| Stocks and Bonds | | | |
| TOTAL | | TOTAL | |

Liability as endorser _____

Proceeds of this loan used for _____

Insurance: on farm products _____ ; on stock _____ ; on buildings _____ ; life _____

Title to lands and real estate in name of _____

Value of land listed above exempted as homestead _____

(Bank or Trust Company) of _____

By _____

President or Cashier.

Financial Statement for use by Manufacturers, Miners, Quarriers and other Producers

To the _____ Bank

of _____

Name _____ (A Corporation / A Partnership)

Location _____ Branches _____

Business _____

(Give the character of business fully)

For the purpose of procuring credit from time to time, the undersigned hereby makes to you the following statement of the condition of the undersigned on the _____ day of _____ 19__ and the undersigned hereby warrants and guarantees that said statement is in all respects true and correct, and you may consider said statement as to the person or responsibility of the undersigned as continuing to be true and correct until written notice of a change is given to you by the undersigned.

Fill all blanks, writing "no" or "none" where necessary to complete information.

| ASSETS | | LIABILITIES | |
|---|---|---|---|
| Cash on hand | | Bills Payable, for Merchandise | |
| Cash in _____ Bank | | Bills Payable, to Bank or Banks | |
| Bills Receivable, from Customers, good (Not considered as assets) | | Bills Payable, otherwise disposed of (Not Payable to Partners, Directors or Stockholders) | |
| Accounts Receivable, from Customers, good (Not considered as assets) | | Accounts Payable for Merchandise | |
| Bills and Accounts Receivable, due from Partners (Classify as Investment or Assets) | | Accounts Payable to Partners, Directors or Stockholders | |
| Merchandise, finished | | Mortgage on Real Estate | |
| Merchandise, unfinished | | Bonded Debt | |
| Raw Material | | Chattel Mortgage Debt | |
| Investments, Bonds and Stocks (Make entries not covering our home business when & where) | | Other Liabilities | |
| Real Estate (market value) used in this business | | | |
| Buildings used in this business | | TOTAL LIABILITIES | |
| Machinery and Fixtures used in this business | | NET WORTH | |
| Other Assets, etc. | | CAPITAL STOCK $ | |
| | | SURPLUS & PROFITS $ (Only use above if firm or corporation) | |
| TOTAL | | TOTAL | |

Dr PROFIT AND LOSS ACCOUNT, FISCAL YEAR ENDING _____ 19__ Cr

| DISBURSEMENTS | | RECEIPTS | |
|---|---|---|---|
| For all expenses, including material bought, manufacturing and general expense, etc | $ | From Sales of Product | $ |
| For depreciation, bad debts, etc | $ | From Investments | $ |
| Withdrawals or Dividends paid | $ | From Re-valuations | $ |
| Net Profits added to surplus | $ | From all other sources | $ |
| Total | $ | Total | $ |
| Notes or Accounts Receivable discounted or sold | $ | Date of last annual statement preceding above statement | |
| Accommodation endorsements | $ | Net Worth shown by that statement | $ |
| Insurance on Buildings | $ | Total of Inventories of Raw Material, Finished and Unfinished Merchandise, shown in that statement | $ |
| Insurance on Merchandise | $ | Amount of sales since that date to date of above statement | $ |

On what assets are mortgages a lien? _____

Is Statement based on actual inventory? _____ If so, give date of inventory _____

How is valuation arrived at? On Raw Material? _____

How is valuation arrived at? On Unfinished Merchandise? _____

How is valuation arrived at? On Finished Merchandise? _____

Total Sales for past twelve months $ _____

necessary that proper credit information shall be on hand for the inspection of the bank examiner.

National bank examiners, of course, have no authority to require that any particular form of financial statement shall be used. They have, however, full authority to require that complete and proper information in some form shall be accessible, so that loans may be properly classified. In this respect, it is worthy of note that one item of the report of an examination of any bank has reference to the class of credit information available. If a bank does not provide full information on a loan of any consequence, such loan is listed for special mention and investigation; and if the information given an examiner regarding any loan is what may be called mere hearsay, this fact is particularly noted by the examiner, so that the next examiner who visits the bank is put on special guard with respect to that loan.

THE examiner's duty is chiefly to see that loans are legally made, and properly safeguarded. If the examiner believes that proper information is not on file, he so notifies the bank, and reports that fact to the office of the chief examiner.

What can the chief examiner do if a bank does not provide such information as the comptroller's office deems necessary? The comptroller's office has no authority to restrict loans made by any bank, either directly or through its examiners, simply because credit information is not at hand. But that office can demand that such information be secured; and if this is not done, after proper notice has been given, the bank may be put on a special list for examination every ninety days, or even every sixty days. As a matter of fact, if it is deemed necessary in order to protect depositors and stockholders, the comptroller's office may list a bank for special examination every thirty days until adequate credit data is provided to enable the examiner to pass intelligently on the credits extended. This is an extremely efficacious method of obtaining the information desired, as no bank wishes to be listed for special examination at such frequent intervals. Such a condition is met only at rare intervals, it is true, as all of the larger banks now have fine credit departments with interchange of information; and the smaller banks are rapidly developing similar departments.

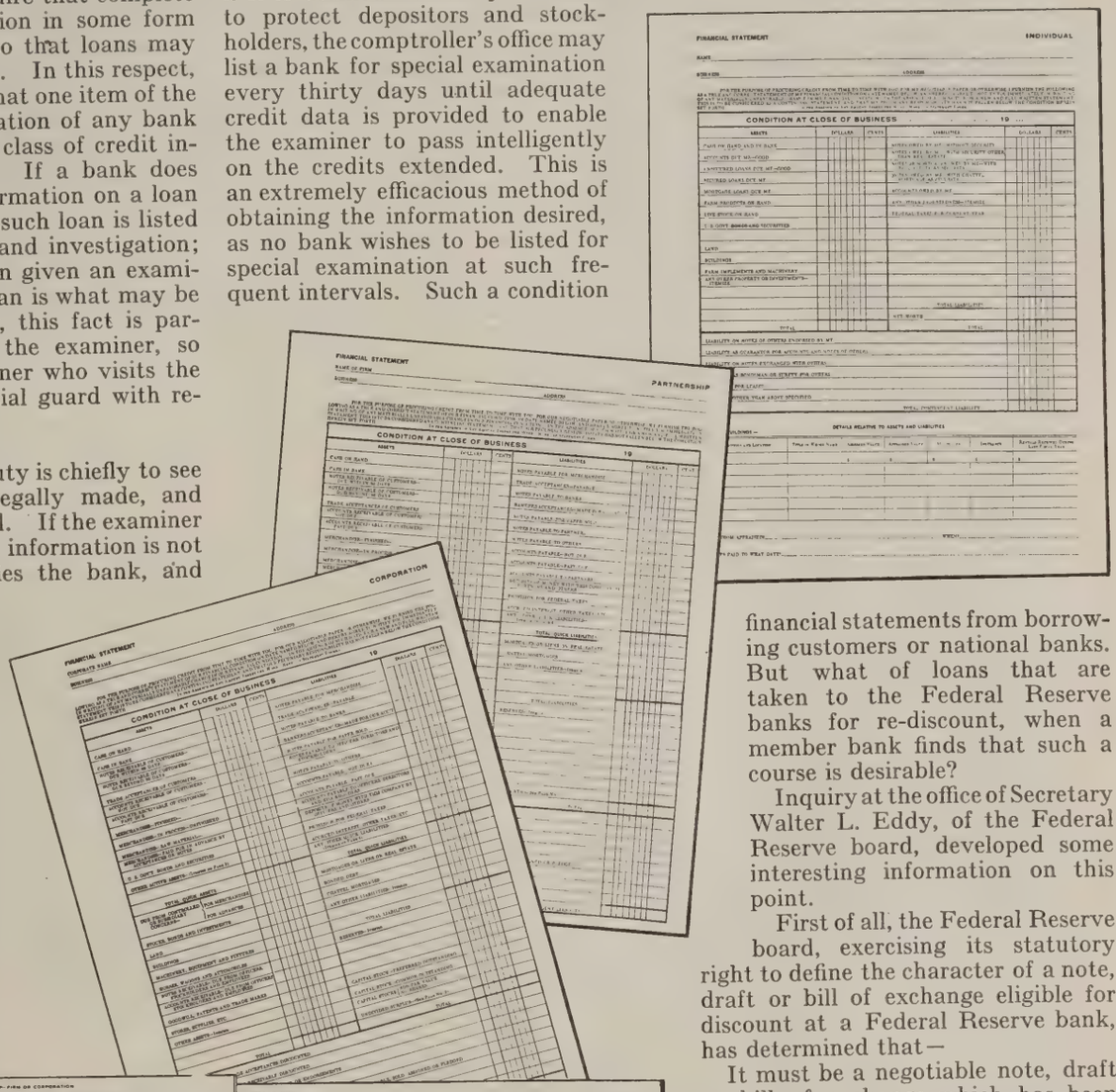
So much for the tendency towards requiring more complete and frequent financial statements from borrowing customers or national banks. But what of loans that are taken to the Federal Reserve banks for re-discount, when a member bank finds that such a course is desirable?

Inquiry at the office of Secretary Walter L. Eddy, of the Federal Reserve board, developed some interesting information on this point.

First of all, the Federal Reserve board, exercising its statutory right to define the character of a note, draft or bill of exchange eligible for discount at a Federal Reserve bank, has determined that—

It must be a negotiable note, draft or bill of exchange which has been issued or drawn, or the proceeds of which have been used or are to be used in the first instance, in producing, purchasing, carrying or marketing goods* in one or more of the steps of the process of production, manufacture or distribution, or for the purpose of carrying or trading in bonds or notes of the United States, and the name of a party to such transaction must appear upon it as maker, drawer, acceptor or indorser.

On the other hand, *it must not* be a note, draft or bill of exchange, the proceeds of which have been used or are to be used for permanent or fixed investments of any kind, such as land,




* As used in the regulations of the Federal Reserve Board, the word "goods" is construed to include goods, wares, merchandise or agricultural products, including live stock.

buildings or machinery, or for any other capital purpose.

The regulations of the board further provide that "a Federal Reserve bank must be satisfied by reference to the note or otherwise that it is eligible for discount." The member bank must certify in its application whether the note offered for discount has been discounted for a depositor other than a bank or for a non-depositor; and if discounted for a bank, whether for a member or a non-member bank. The member bank must also certify whether a financial statement of the borrower is on file with it. The regulations further provide that:

"A recent financial statement of the borrower must be on file with the member bank in all cases, unless the note was discounted by a member bank for a depositor (other than a bank) or for another member bank, and—(unless)

"(1) It is secured by a warehouse, terminal or other similar receipt covering goods in storage, by a valid prior lien on live stock which is being marketed or fattened for market, or by bonds or notes of the United States; or

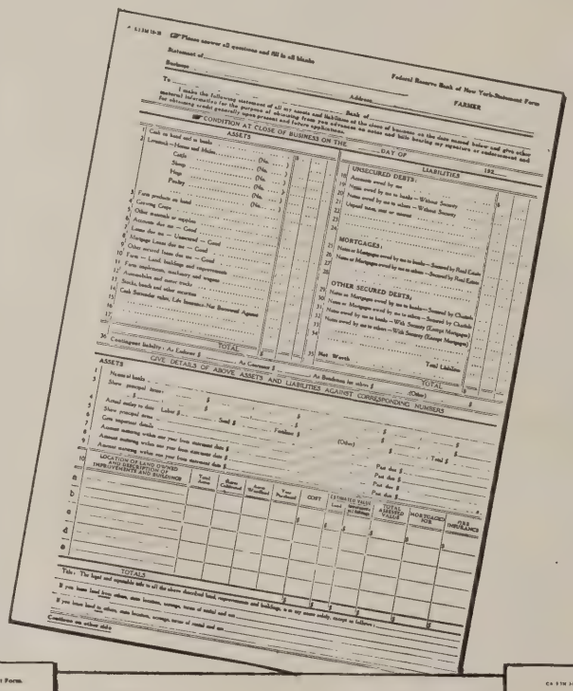
"(2) The aggregate of obligations of the borrower discounted and offered for discount at the Federal Reserve bank by the member bank is less than a sum equal to 10 per cent of the paid in capital of the member bank, and is less than $5,000."

THE regulations of the Federal Reserve board therefore make it mandatory on member banks, not only to have a financial statement of the borrower whose note is presented for discount, but that that statement shall be of recent origin. Note that only in two instances may such financial statements be not required, namely: First, when the line of credit granted is in excess of $5,000, but is amply secured by what may be termed liquid assets; or, second, where the line of credit is less than $5,000 and less than 10 per cent of the paid-in capital of the member bank. In all other cases, a financial statement "must" be on file with the member bank, under the regulations.

The regulations, however, give Federal Reserve banks wide discretionary power, for they also provide that such banks "may" in all cases, require the financial statement of the borrower to be on file.

It was explained at the office of the Federal Reserve board that no attempt has been made to prescribe any certain form of statement; the board merely requiring that a satisfactory statement must be on file, and leaving it to the banks to prescribe their own form of statement.

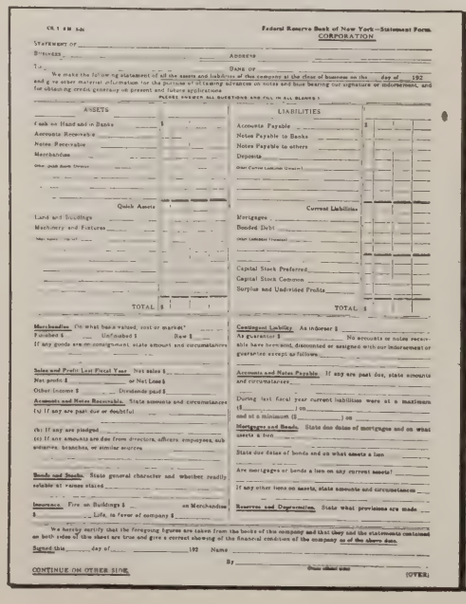
"It would be very difficult, perhaps impossible, to design any one form of statement which would be applicable in each of the twelve Reserve districts," said one Reserve board official. "As an instance, a statement from a live stock grower necessarily would be quite different from that which would meet the requirements of an operator in the oil fields; and the statement of a fruit grower could hardly be made on the same form that would be suitable for a cotton or tobacco raiser. For this reason the board has left the question of form of statement to be provided to the Reserve banks in the different districts."

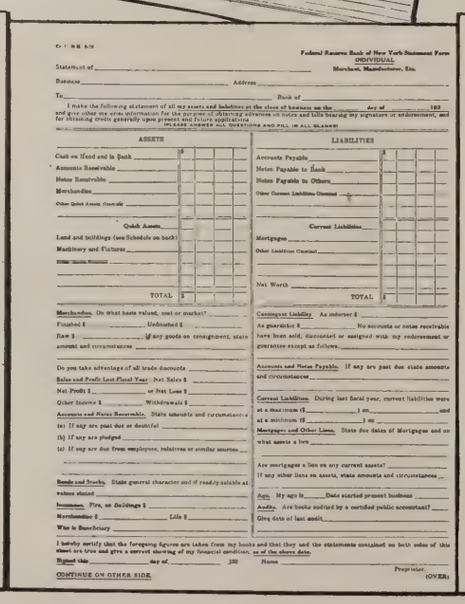

Federal Reserve Bank of New York—Statement Form
FARMER

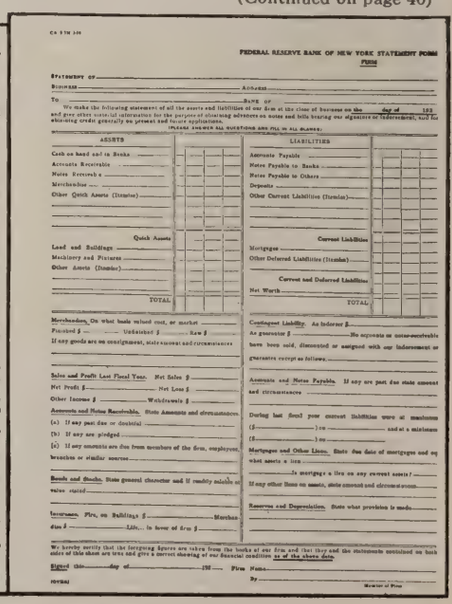
IN ORDER to ascertain exactly what requirements were being enforced in different Federal Reserve districts, the writer made a survey. Broadly it may be stated that in most districts, the Federal Reserve banks have designed special forms for the use of their members. These vary in both form and number in different districts. However, the information given out by the banks usually is to the effect that while each has supplied special forms, the use of these is not obligatory if the statement submitted complies fully with the requirements. Naturally the use of the bank's own form makes for uniformity and ease, both in examining and in filing of such statements; but the different banks, in an endeavor to be of the greatest service, usually waive the special form.

At the Federal Reserve bank in Philadelphia it was stated that the practice is to get a financial statement from every borrower, no matter what the size of the loan may be. Further, the bank while not insistent upon the point, makes an urgent

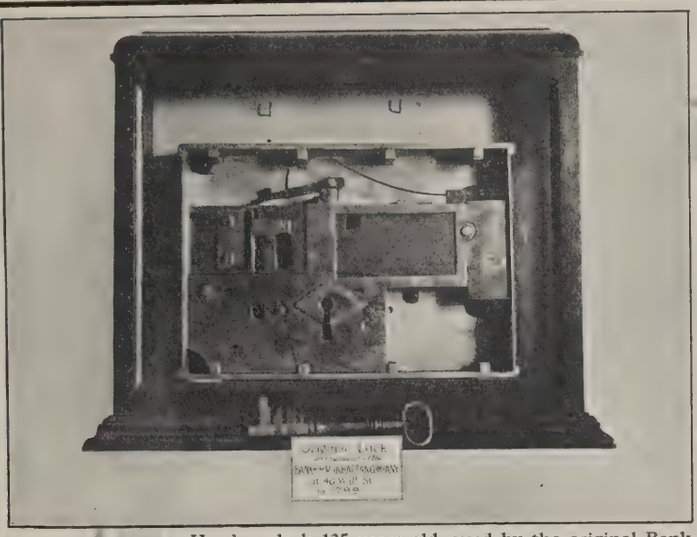
(Continued on page 40)


Federal Reserve Bank of New York—Statement Form
CORPORATION


Federal Reserve Bank of New York—Statement Form
INDIVIDUAL
Merchant, Manufacturer, Etc.


FEDERAL RESERVE BANK OF NEW YORK STATEMENT FORM
FIRM

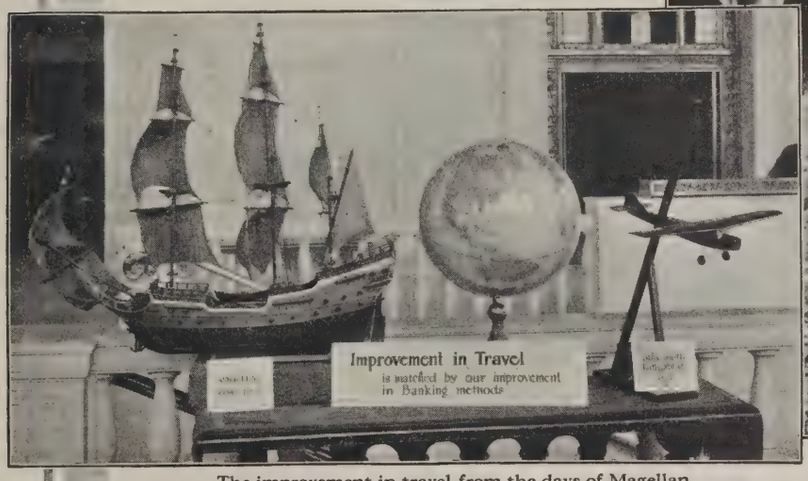
# With the Camera



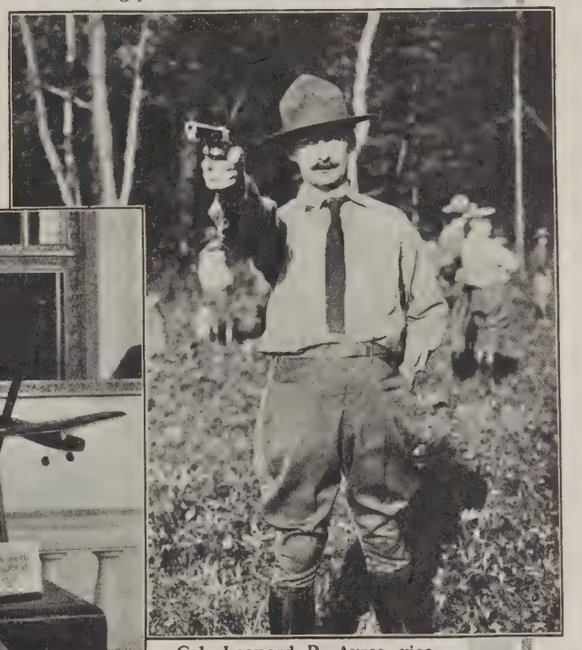
Here's a lock 125 years old, used by the original Bank of the Manhattan Company in 1799. It was a feature of an interesting window display in the bank's new quarters at Madison Avenue and 43rd Street, New York



At the convention of the Financial Advertisers Association in Richmond, Va. Left to right, Preston E. Reed, secretary; Guy W. Cooke, Gaylord S. Morse, retiring president; Carl A. Gode, treasurer




The improvement in travel from the days of Magellan to the airplane flight around the world, as illustrated in the lobby of the First National Bank, of Detroit



Col. Leonard P. Ayres, vice-president of the Cleveland Trust Company, broke twenty-seven targets out of thirty shots in a revolver competition at an encampment of reserve army officers in Cleveland



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An army of police, secret service agents, sharpshooters, a platoon of machine gunners besides numerous private police guarded armored trucks that carried thirty-three billion dollars in gold, certificates, and securities from the Equitable Building safety deposit vaults to the new Federal Reserve Bank quarters at 44 Maiden Lane

# Your Carbon Copies at Work for You

## Sentence Structure and Elimination of Superfluous Words and Phrases for More Forceful Letter Writing in the Bank

By ALDEN E. DAVIS
Old Colony Trust Company, Boston
and Instructor in College of Business Administration, Boston University

IF YOU will pause for a moment and try to determine the number of contacts a bank makes through correspondence compared with the number of personal contacts, you will readily realize the importance to banks of correct letter writing. Especially in the larger cities, banks know their customers mainly by correspondence. Of the importance of good letters few are unaware; but of the way to bring about improvement in one's style, most people are entirely lacking in appreciation.



For one who has had long practice in dictating bank letters there is but one practical method for improving one's style of writing. Analyze a few carbon copies of your letters each day and discover your weaknesses. Then reconstruct your letters and eliminate your faults.

This, you say, involves a knowledge of correct standards of letter writing. Truly, it does, but most dictators of bank letters fail not because they lack the proper standards; they fail because careless habits are allowed to go on day after day with never an attempt at correction.

This method involves some effort, that of careful analysis and revision, but one who seriously wishes to improve his letters ought to be willing to spend fifteen or twenty minutes a day for a few weeks in order to rid himself of his faulty letter habits. The great advantage of this method for improving letters is that it does not interfere with your regular work. You will never accomplish much by trying to "use all the English you know" when actually dictating letters. When dictating, you should have absolute freedom from the terrible restraint that is born of trying to revise while composing. Write your letters in your usual manner but revise a few of them at the end of the day. In a short time, although not conscious of it, you will be dictating in a new and improved style.

This method, discovery of faults plus revision, works. Let us try a few letters and see, first, an easy one.

(All of the examples used are actual letters, although changes in names were made.)

"My dear Miss Libbey:

~~We have received~~ your letter of September 24 ~~and the same~~ contains an entirely satisfactory explanation of the receipt of the check by Mr. Sanderson. We enclose it and shall be glad to have you acknowledge receipt of the same.

We thank you for your courtesy in the matter.

Very truly yours,"

In analyzing this letter it is clear at a glance that it is unnecessary for the main clause of the first sentence to be wasted with the statement that the company has received the customer's letter of September 24. By crossing out "We have received" and "and the same," the sentence reads "Your letter of September 24 contains an entirely satisfactory explanation of the receipt of the check by Mr. Sanderson." This is much more direct and forceful. The main clause of the revised sentence expresses part of the real message of the letter. The second sentence is weak for the reason that "We enclose it" occupies the most prominent position, whereas the request, which is perhaps the most important part of the letter, occupies a relatively unimportant position in the letter. The sentence would be much more forceful written as follows: "Kindly acknowledge receipt of the check which is enclosed." By revising this letter as suggested the message is briefer and much more forceful, whereas it does not lack courtesy.

### *How to Secure Emphasis*

It is well to remember in writing certain letters that a definite message must be given emphasis. This message should not be hidden in an unimportant position in the letter. Let us take an example:

"Dear Madam:

In connection with our signing jointly with you a bond of indemnity on account of the loss of a Western Union Telegraph Company dividend check, and so that our files may be in proper order, we would appreciate your signing the enclosed paper, returning it to us in the accompanying stamped envelope, and then we will sign the bond of indemnity and forward it immediately to the company so that you may receive a duplicate check.

Very truly yours."

Three distinct things must be accomplished if the above letter is to be effective. (1) What the bank wants immediately is the signing and returning by the customer of the documents sent along with the message. (2) In addition to this, the letter must say

something as to the bank's procedure in the future as regards the transaction. (3) The message must also identify the whole transaction. It would take the customer at least two readings of the above letter to determine what the bank desired. This is so chiefly because the request to sign the document and return it in a stamped envelope is written in the middle of one long involved sentence. Special emphasis could be given to the request very easily by placing it at the very beginning of the letter, following with a statement identifying the transaction, and ending with a statement of future procedure.

> "Will you kindly assist us by signing the enclosed paper and returning it in the stamped envelope? This is in connection with our signing jointly with you a bond of indemnity on account of the loss of a Western Union Telegraph Company dividend check.
>
> Immediately upon receipt of your reply, we shall be pleased to sign the bond of indemnity and forward it to the company so that you may receive a duplicate check."

The most important of these sentences is the request. Why then not put the request in the most prominent position in the letter—the beginning? In the original letter the request is hidden in the middle of a long, tedious sentence. It is entirely without emphasis. By putting it at the beginning, it is clear at a glance what the bank wants the customer to do. In the re-written letter the transaction is identified in such a way that the least conspicuous position in the letter is used. The re-written letter outlines clearly the future procedure on the part of the bank and gives emphasis to the idea that the customer will receive the duplicate check sooner if he attends at once to the request. The whole strategy in the revised letter lies not in words, but wholly in sentence structure. Almost the same words are used but all will agree that the second letter is clear on one reading, whereas the first involves considerable study before one can determine just what is wanted.

Let us consider another example of complex sentence structure:

> "Dear Sir:
>
> We beg to acknowledge receipt of your letter of September 29 in reference to the ninety-day sight draft for $12,148.88 drawn by Jones and Chandler under our Commercial Letter of Credit No. 1510 issued by us by order and for account of the Olean Mills, New Bedford, Mass., ~~in reply to which we beg to state that~~ this Commercial Letter of Credit is issued in favor of the Olean Mills or Agents accredited by them, and we are therefore not in a position to negotiate any drafts drawn by others than the Olean Mills unless we have specific authority from the latter concern.
>
> ~~In the case referred to above~~ the letter of authorization was not received by us until the day after the draft of Jones and Chandler had been presented to us. . . . ."

The above letter would be much clearer and proper emphasis would be given to the matters needing explanation by the simple feat of ending the first sentence with the word Mass., in the middle of the first paragraph. Further improvement would be made by omitting in the middle of the first paragraph "In reply to which we beg to state." The next sentence is just as clear without this introductory matter. The letter could be still further improved by omitting "In the case referred to above" at the beginning of the second paragraph. It is interesting to go through letters in this way to see how many words are used unnecessarily. Letters contain a great deal of "padding" in the way of unnecessary conversational phrases. Among phrases writers are prone to use are the following:

> "In further reference to . . . . we desire to say that. . . . . ."
> "Regarding the matter of . . . . we would say. . . ."

*Individuality in Letters*

The soberness of banks, to say nothing of the routine character of bank work, makes it very difficult for a dictator to use any individuality in expressing a bank message. Note the following examples:

> "Dear Sir:
>
> I beg to acknowledge receipt of your valued favor of the 29th of December and thank you for the same."

There are dozens of letters sent out by banks every day beginning like the above. The most prominent position in the letter is thrown away by the writer without his having come "down to brass tacks." Notice the lack of character in the following letter. It might have been written by any one of a hundred clerks.

> "~~In reference to~~ your statements for July and August, about which you inquire in your letter of September 5, ~~we desire to say that we have examined our records and find that they~~ were mailed to your Brookline address. . . ."

This letter can be improved vastly by crossing out the "padding" as indicated above, leaving the letter to read:

> "Your statements for July and August, about which you inquire in your letter of September 5, were mailed to your Brookline address. . . . ."

*Courtesy*

Letters of explanation have a tendency to become insolent unless particular care is used by the writer. A letter of exposition like the following one written to Mrs. Trowinbul should contain no note of haughtiness or impatience at the customer's attitude.

Bank letters should be clear and forceful, but never discourteous.

> "My dear Mrs. Trowinbul:
>
> We wish to acknowledge and thank you for your letter of Jan. 13 enclosing check for $20 in payment of our 1922 Income Tax Services.
>
> ~~In this connection~~ we have referred to our letter of June 6, 1916, a copy of which we enclose, wherein the fee of $30 per annum was established. At that time, ~~you will remember,~~ no Massachusetts Income Tax Law was in effect, and ~~furthermore~~ the exemption under the Federal Law was so high that it was not necessary for us to make a Federal return in your behalf. ~~In other words,~~ these two services for which we are charging have arisen since your fee was established. ~~We notice that you are under the impression that you have never paid this charge before, but~~ our records indicate that you have paid $20 for similar service the past two years.
>
> ~~We hope that you will not confuse our service in making out your returns with that supplied by banking houses free of charge, etc., etc.~~"

This is a well-written letter in many respects, is clear, fairly concise, and forceful. The first paragraph contains good tone. But the letter is by no means worthy to represent a progressive institution. It is too scolding in tone. Argument is begun with the clause "you will remember" in the third line in the second paragraph. The argumentative tone continues by the use of the word *furthermore* in the same sentence. Not being satisfied with one clear statement, the writer re-states the case "in other words." Beginning with "We notice that you are under the impression," the letter becomes positively quarrelsome. This spirit continues in the first line of the third paragraph.

(Continued on page 52)

# The Christmas Spirit in Advertising

## Banks That Take Santa Claus Into Partnership for Children of All Ages During the Holidays; Other Interesting Ideas

*By* T. D. MACGREGOR
9 Hanover Street, New York City

IF THERE is one holiday more than another that demands and receives attention in bank advertising, it is Christmas. The most conspicuous example, perhaps, is the Christmas Savings Club idea. But that is so well known that it needs no emphasis. Herewith I am also reproducing (Fig. 1) some other Christmas bank advertising ideas which may be of interest to banks that are preparing—of necessity several weeks in advance—to enter into the spirit of the holidays.

Last December, the First National Bank and the Berkeley Bank, of Berkeley, Calif., affiliated institutions, advertised to help local merchants, as follows:

"Now come the holidays and the buying days. These reasons why you should *buy in Berkeley* are here summarized in final explanation of how, by doing your Christmas shopping here at home, you may stimulate the growth of your community and add to your own conveniences and profit and welfare.

"Buying of the Berkeley Merchant encourages him to increase his stocks and lower his prices.

"Berkeley Merchants support civic enterprises with a portion of each dollar you spend.

"Stores that are supported by your everyday buying are there to serve in time of emergency.

"Prosperity comes to merchants that you support—this enhances the value of your property.

"Berkeley stores are well-stocked. You are pretty sure to find what you want close at home.

"The merchants 'close at home' are impelled to give service to deserve your permanent patronage.

"It is easy and convenient to buy near at home in hours when the stores aren't crowded.

"Your support attracts new merchants; new capital; new stocks; new conveniences!

"The references of the merchant who knows you will win for you credit courtesies here or elsewhere.

"Shop at home, and avoid the crush and crowds of train or car or ferry.

"Do your Christmas shopping early in the day for the benefit of the sales people. Do it early in the season for your own benefit! And buy in Berkeley to benefit your community.

"A dollar spent elsewhere is spent.

"A dollar spent in Berkeley is invested!"

A special invitation to about 4,000




Fig. 1. A Santa Claus billboard, first aid to Santa Claus, a refreshing note in bank advertising, and two examples of excellent tie-up

school children was sent out last Christmas by the Lafayette-South Side Bank of St. Louis. The inside of the letter was marked "A Letter from Santa Claus," and the letter read as follows:

Dear Little Friend:

I will be at the Lafayette-South Side Bank, corner of Broadway and Lafayette Avenue, next Saturday, December 22, and I want you to come down and see my big Christmas Tree.

I want to shake hands with you and give you the little present that I have for you. Be sure to bring the enclosed card to get your present.

I will be at the bank from 9 in the morning until 8 that evening but I will have more time to talk to you if you will come between 1 and 4:30 o'clock in the afternoon. Be sure to bring your mother or some other grown person with you. I want to meet them also.

SANTA CLAUS

With the letter was a holly-bordered card reading thus:

This card when presented by a child under 8 years of age, accompanied by parent, entitles bearer to a gift package at the Christmas Celebration of the Lafayette-South Side Bank, Broadway and Lafayette Avenue, Saturday, December 22, 1923. No gift package presented without this card.

Fill in your name, address and school you attend on reverse side.

Concerning this celebration, J. R. Giessenbier, manager of the publicity and new business department, wrote:

"We give these children a real Christmas treat. We have a Santa Claus at the bank who gives to each child a bag containing toys, candy, cakes and fruit. We do this because we feel that it is time for banks to throw off the cloak of dignity and come down to the level of the people who make up the bulk of their depositors. We are more or less a community bank and I feel that this Christmas feast has a tendency to create a real community spirit."

To show other forms of Christmas bank advertising, I am reproducing a Santa Claus billboard of the Jefferson-Gravois Bank, St. Louis, and a newspaper advertisement of the Christmas Savings Club of Rockford (Ill.) National Bank and the Rockford Trust Company (Fig. 1).

A CLEVER tie-up is the "Covered Wagon" advertisement of the Northwestern National Bank, Minneapolis, which appeared in the newspaper right below the theatrical ads, the notice of the movie version of Emerson Hough's story being immediately above it as shown (Fig. 1). Another specimen of good tie-up is the rotogravure advertisement of the Cleveland Trust Company (Fig. 1) used at the time the Republican National Convention was held in the Ohio city.

THE NEW building advertisement of the Provident Trust Company, Philadelphia (Fig. 1), is a model for announcements of that kind. The building itself is well worth a visit when one is seeing the many other notable structures in the city.

REGARDING the group of five advertisements (Fig 2), I am moved to comment as follows:

The Old National Bank, Spokane, Wash., shows one way to handle, from an advertising standpoint, the delicate matter of a reduction in savings deposit interest.

The First National Bank, Boston, Mass., a very old bank, naturally uses the historical appeal, and it is well done here.

The First National Bank, Chattanooga, Tenn. This is well executed and appeals strongly to local patriotism.

Bank of Italy, San Francisco, Calif. Half a million depositors is something to crow about.

Hellman Bank, Los Angeles, Calif. The financial "tank" of this institution certainly connotes strength and protection.

TO A SELECTED list of customers and prospects, the Second National Bank, of Elmira, N. Y., is sending out a series of booklets with the object of developing its bond department. There are seven well-written booklets in the series with titles as follows: "Investment or Speculation?" "Bonds Banks Do Not Buy," "Of Choosing Bonds," "Temporary Investments," "Bankers and Brokers," "Lawful Investments," and "What are Investments?"

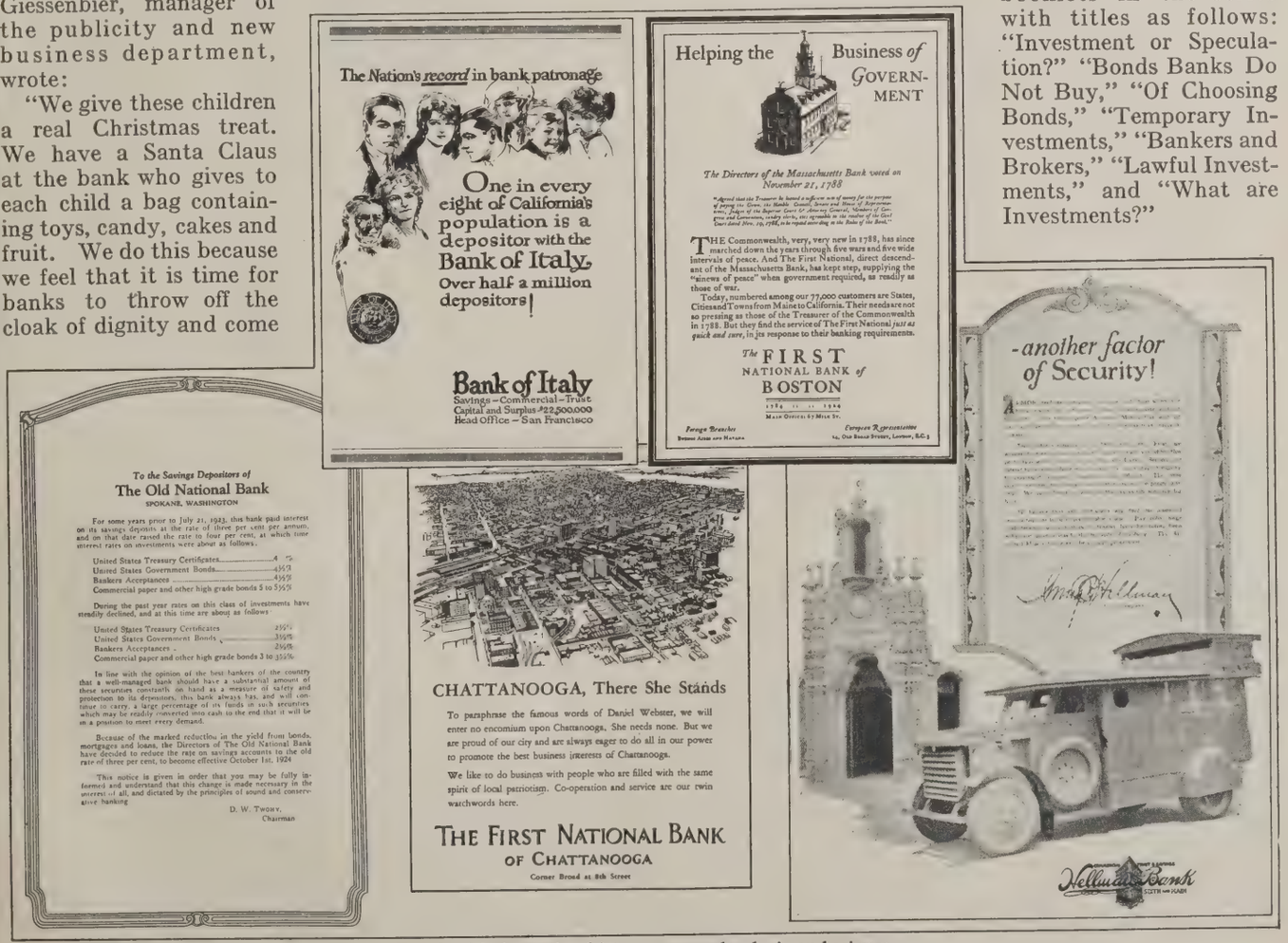



Fig. 2. Mathematics, history, geography, logic and science

# The Treasure Ship a Mile Above Sea

## Cruising With a Solicitor in Denver, His "Picturized" Handbag, Miniature Banks and a Way With the Children

*By* G. F. AYLES

WE ENTERED a cheerful office of the Broadway National Bank in Denver, and I nosed further into the plot of the campaign. I found that a likable young man of thirty, with a way with children, had been doing some work afield. His method was to fill his handbag with house banks, bank imprinted pencils and a supply of descriptive circulars for the parents visited. Upon the outside surface of the handbag he had painted in oils a picture of a quaint sailboat "sailing home" with the inscription lettered to the right of the picture:

*Your Ship Can't Come In*
*Unless You Send One Out*

I have heard bankers say that they thought it undignified to send a man out from door to door. The Broadway National Bank has not only proved this a fallacy (especially insofar as the surburbs are concerned—for the suburbs proved a fertile field for new-home-owners' accounts and those of out-of-state settlers locating in Denver) but went the solicitor idea one better by supplying him with a hand-painted grip of samples. This man was a walking advertisement, it is true, but nobody can deny that he was a dignified banking ambassador afield.

Before this house-bank-boat-handbag campaign was put into motion, the executives of the bank, wishing to try out their territory for door-to-door savings account possibilities, assigned a capable man to call upon some 200 homes as a test. This man took along with him only a sample miniature bank and some printed matter in the palm of his hand and stuffed into his coat pockets. The phrase "Scarcely a day passes but that I get an account" became an amusing apothegm with this man, at the expense of the bank. In a short time he honorably admitted his failure and offered to give up the work.

According to A. B. Copeland, manager of new business, what that solicitor needed was not "pep" but co-operation—a unified sales campaign backing him up. "We set about setting the stage. We had a great artistic card made with a painting of a Spanish treasure ship sailing out to sea."

Upon this backscreen was printed:

*You Make The Breeze That Will Blow Your Treasure Ship Home When You Open A Savings Account Here*

"A large antique Spanish treasure ship was mounted in the lobby near this poster.

"The solicitor's grip was the tie-up that went along with him. We had blotters printed that carried the same message with the photograph of the antique handwrought man-o'-war we secured for the bank lobby.



"An average of five new savings accounts a day resulted for weeks. The accounts ranged from one dollar to ten dollars. These accounts the field man brought in. The lobby display also did well as a sales clincher for both small and large accounts. The idea of the campaign was thoroughly covered at both ends—in the field and in the shop.

"Our savings campaign has satisfied us—successful because we have made it both practical and appealingly artistic. While going about, this solicitor talked up his lobby display and many mothers actually brought their children in to see the pretty Spanish boat conspicuously placed in the front of the bank lobby, surrounded by flowers and some small housebanks for the children.

"As regards the boat, we had the idea that this 'sea complex,' quiescent in Coloradoans, would come out if the picture were made sufficiently compelling. We were right. A boat, we have decided, a mile above sea level is an attractive theme for a bank savings account campaign and the slogan 'Your Ship Can't Come in Unless You Send One Out' seemed to hit the proper spot."

A short letter of "Welcome," with a savings urge, was mailed to every new name added to the books. The letters, of course, were addressed to the parents where accounts were opened for children. Several trial letters were written, most of them full page length. They were pruned, however, to the following form letter:

Dear Madam:

It pleases us to see the names of your boy and girl on the books of our active savings accounts.

Let us suggest that you add to these accounts as often as you can, for this, to children, is a most practical protection and the beginning of a successful future for them.

When you are downtown you can deposit a dollar or two more to the credit of the children's accounts, which will cover the "House Bank" which they now have.

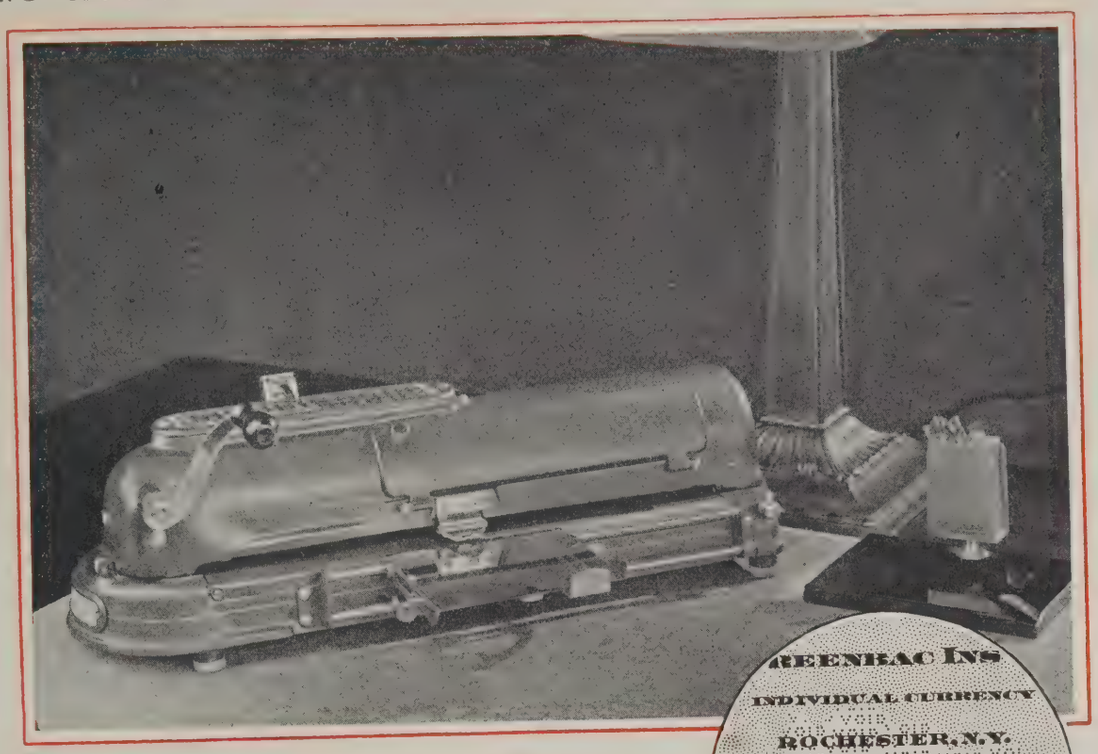
All savings thus deposited will continue to draw 4% interest.

Very truly yours,

"We are boosters for the short letter" said Mr. Copeland. "Of course it is a great temptation to write and write and write. There are so many things about the bank that clamor for honorable mention. Now I could have mentioned our new ten-ton-door safety vault in this savings account letter. We are renting a special box at $3.00, but I fancied that it would confuse the issue. Later on I will send these new accounts a separate letter about the vault, and very possibly, a little later, have the field man call on these people personally, extending to them a direct invitation to visit the new vault. I am a believer in one thing at a time, well done and done to a turn."



(Continued on page 36)




# What about the Protectograph?



## Asked this question by a depositor, how would you answer?

REMEMBER that the depositor has confidence in your business, financial and legal judgment, or he would not have brought his account to you. Remember, also, that, in common with most business men, probably he is ignorant of the prevalence of check altering, raising and forging. More than likely he has a notion that you of his bank would be responsible in these cases!

When he asks about the Protectograph, therefore, why not tell him of the necessity of check protection—and why not recommend to him the speed, neatness and safety of the Todd Protectograph? Why not tell him that the Protectograph combined with Protod-Greenbac Checks offers the most adequate guarantee yet discovered against losses from the many and varied forms of check-fraud? And that depositors using these two Todd Products can secure Standard Forgery Bonds at 25% of the regular rates?

The Todd System of check protection guards the name of your depositor on a credit instrument as adequately as the vault guards the securities in your bank. Todd both protects the depositor and the bank—the depositor from fraud, and the bank from the embarrassment and disputes which so often lose valuable accounts.

### *The Todd System of Check Protection*

*The Protectograph*, it is estimated, eliminates at least one-third of all check-frauds by preventing raised amounts.

*Protod-Greenbac* anti-fraud bank checks, with their self-cancelling VOIDS and the restrictions surrounding sale, eliminate another one-third of possible check frauds by preventing change of payee's name, date and number as well as "counterfeiting."

*Standard Forgery Bonds* cover the remaining check-fraud possibilities, namely, forgery of signature and forgery of endorsement, which no mechanical agency can prevent.

PLEASE USE YOUR LETTERHEAD IN WRITING FOR DETAILED INFORMATION ON THE TODD SYSTEM

**TODD PROTECTOGRAPH CO., Inc.**
(Established 1899)
**1186 University Avenue, Rochester, N. Y.**

# Ideas that Sa




The combination of signature and ledger cards in this Kardex slide enables the teller of the thrift account to positively identify signatures and to check the amount of withdrawals against balance without loss of time or delaying the customer for a moment.

KA

WORLD'S

© 1924 The Kardex Co.

# ve Money in Banking



This Kardex system in the First National Bank of Los Angeles, Calif., gives all facts at a glance on each one of the bank's safe deposit customers.

KARDEX Central Files point the easiest way to new business. Combination ledger and signature records, like the one illustrated on the next page, reduce the cost of handling thrift accounts. Safe deposit records take care of all the details of a box-renting business. Ledger records for use in machine bookkeeping. These are a few of the valuable contributions of the Kardex organization to the business of banking.

The work of Kardex experts has left its impression on the methods of 15,000 banks. Some of the largest financial institutions in the world have Kardexed every record. Their experiences show that control over operations, which comes from having the facts on every transaction in the easiest available form, is the surest aid to increased profits. In addition, the saving of time and labor of handling accounts with Kardexed records often amounts to more than half of the former expense.

Kardex men in every important city are experienced in the detail of banking and are ready always to help the bank executive who wants to test his methods and compare them with what has been discovered to be the best modern practice in handling every service that a bank offers. Ideas that have increased profits or saved money for others are sure to be of value to you. Send for the Kardex Man. Phone the Kardex Office in your city or send the coupon to

## THE KARDEX COMPANY

602 Kardex Park Tonawanda, N.Y.

In Canada, Toronto, 58 King St., West. London, 3 Holborn Viaduct, E. C. 1. Paris, 24 Rue de la Fidélité.

# KARDEX

LEADING CARD RECORD

THE KARDEX COMPANY
602 Kardex Park, Tonawanda, N. Y.

☐ Send Kardex Man.
☐ Send Booklet "19 Basic Records of Banking."

Name _____

Street _____

City _____ State _____

# A PROVED WAY

*to get new business*

WITHOUT a cent of extra cost, thousands of banks have added sound new business—this way:

First, by supplying depositors with Super-Safety INSURED Bank Checks—which positively protect both bank and depositors against raised check losses. Made of world's safest check paper. Protected by the Wm. J. Burns International Detective Agency, Inc. And, finally, bank and each depositor is insured for $1,000—against raised check losses—in the Hartford Accident & Indemnity Co. (one of the strongest in America!)

Our national advertising on the advantages of modern banking reaches millions—every month.

Then we supply customer banks with a powerful program of local advertising and selling helps—free. Special advertising whenever wanted; an effective campaign for local newspapers; forceful mailing literature; attractive display materials for lobbies, windows, grilles, etc.

It's worth while having all the facts.

SUPER-SAFETY Insured BANK CHECKS

THE BANKERS SUPPLY COMPANY
*World's Largest Manufacturers of Bank Checks*
New York Chicago San Francisco
Atlanta Dallas Denver


# The Compound Interest Column

*By* DON KNOWLTON

"WHAT'S your business?" asked the old-time member of the chess and checker club.

"I'm a sign detective," replied the stranger.

"Sign detective?" queried the old-timer. "What's that?"

"Why, I snoop around the sign shops, and then go to each bank in town and tell them how big the other banks' Christmas Savings Club banners are going to be, so they can get a bigger one."

*It Will Come About 1935*

It was pay day at the National Company, and the First Trust Company's famous golden airplane, the "Flying Eagle," familiar to the city's thousands because of its daily smoke-writing of the inspiring slogan, "First Trust Can't Bust," rushed the National Company's payroll out to its factory three minutes before pay time. Each man's pay envelope contained, beside his pay, a pair of antiseptic shoe-laces, and each woman's envelope, a soft-rubber nail file, together with a hand-painted gumdrop for her to take home and divide among the children, if any.

The employees lined up in single file before the paymaster, while the First Trust Company's brass band, magnificent in full regalia, struck up the Pilgrim's Chorus. In orderly fashion the line moved forward. As each employee received his pay from the paymaster on the right, he was greeted by the president of the First Trust, who stood on his left opposite the paymaster's window.

Immediately upon passing the window, the line formed in two's. The instant the last pay envelope had been passed out, the band changed to "John Brown's Body," and to the inspiring strains of that great anthem all fell in step, the president of the First Trust leading the procession, and First Trust Guards at regular intervals serving as drum majors.

On and on, down into the business section, headed for the center of town and the First Trust office, marched this phalanx of happy workers. Crowds gathered on the curbs. As the procession reached the heart of the city, they broke into song spontaneously:

"John Brown's son-in-law is spending all his kale—
John Brown's son-in-law is spending all his kale—
John Brown's son-in-law is spending all his kale—
But we are saving ourn!"

Still on, into the magnificent lobby of the First Trust, swept the column. Each marcher carried his pay envelope and his savings pass book in his hand, and it was a matter of pride with everyone of them not to break the seal of the pay envelope, but to turn it over to the teller intact.

Within the First Trust, a special corps of tellers made short work of entering the deposits. Popcorn was served, and tight-rope walking by professionals, upon a rope stretched from mezzanine to mezzanine, added still further to the cordial hilarity of the occasion.

Finally, as the First Trust band played "That's Where My Money Goes," the happy throng dispersed, each one walking home to save the price of a street car ticket.

The big event in the stenographer's life isn't when the president tells her she's doing good work or when she gets a raise. It's when that good-looking teller asks her for a date.

All some folks are able to get in a bank book is entries.

We've heard of the railways being called arteries of travel, but in New York the other day we heard some chap wondering if the Bronx subways were the bronchial tubes of the metropolis!

By the way, we're sick and tired of these here now National Weeks (if you know what I mean) toward the support of which every bank is approached. We haven't had National Sauerkraut Week or National Dish-rag Week yet—but we will! Can't we have just a plain, ordinary every-day, back-yard, garden-variety of a week once in a while?

## A Rogues' Gallery

AN ELDERLY man of ultraconvivial habits, but withal learned and bookish, was haled before the bar of justice in a country town.

"Ye're charged with bein' drunk and disorderly," snapped the magistrate. "Have ye anything to say why sentence should not be pronounced?"

"Man's inhumanity to man makes countless thousands mourn," began the prisoner, in a flight of oratory. "I am not so debased as Poe, so profligate as Byron, so ungrateful as Keats, so intemperate as Burns, so timid as Tennyson, so vulgar as Shakespeare, so—"

"That'll do, that'll do," interrupted the magistrate. "Ninety days. And, officer, take down that list of names he mentioned and round 'em up. I think they're as bad as he is."—*American Legion Weekly.*






James H. Rand invented VISIBLE Card Records. There have been imitators of Rand Systems, but the genius which created leadership has continuously maintained it.

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# No Need to guess at Signatures

NO need to pay tribute to the forger and passer of worthless checks whose annual harvest in this country alone totals $200,000,000.

Rand Visible Anti-Forgery Signature Records make it *easier* to verify a signature than to guess; actually *quicker* to look and be sure, than to wonder—and lose. They assure protection.

Like all Rand Visible bank equipment, Rand Visible Signature Records were invented and perfected by a practical banker. That they meet the need for which they were designed is attested by their use in leading financial institutions throughout the world.

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Guaranty Trust Company, New York City
Norway National Bank, Norway, Me.
Legris Trust & Savings Bank, Kankakee, Ill.
Equitable Trust Company, Atlantic City, N. J.
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RAND
VISIBLE CARD RECORDS
*Facts at a Glance*



PIONEER JAMES H. RAND INVENTOR

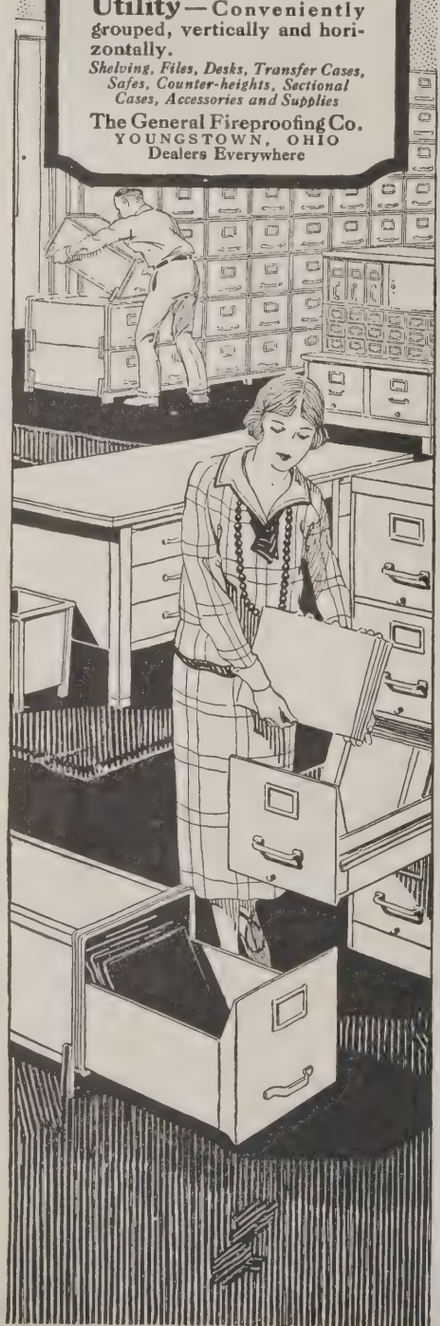
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# Banks and Modern Investment

*By* A. M. SAKOLSKI, PH. D.
New York University

INVESTMENT is a modern development in human society, made possible only by the use of credit instruments and the capitalistic organization of industry. In ancient and medieval times, investments were infrequent because business men controlled the use of their own property and bartered it in business dealings, just as merchants and farmers do nowadays. The earliest forms of wealth were principally land and precious metals. Intangible forms of wealth, such as bonds, notes, bills of exchange or paper money, were almost unknown until modern times.

Lord Macaulay in his *History of England* relates that when the father of Alexander Pope, the poet, retired from business and moved from one town to another, he carried with him a chest of coins which constituted his accumulated possessions. Heavy iron strong boxes took the place of banks, and no ready means were at hand by which surplus wealth could be safely entrusted to the profitable use of others with a view to furnishing the owner with a periodical income. Modern banking institutions did not come into existence until property rights were protected to an extent which led men with funds that they could not use profitably in their own enterprises to entrust the use or control of such funds to others. Thus, the growth of modern investment is closely linked with the development of banking and credit.

Although investment is a comparatively recent development among civilized men, the groundwork had been prepared in medieval, and according to some historians, in ancient times. There has been discovered among Babylonian ruins records of mortgages and pledges of property to secured loans. Moreover, the ancient oriental codes as well as the Bible contain laws relating to the contracting and settlement of debts and the interest rates that could be demanded of debtors. The pledge of property as security for loans was well known among the Romans and was in use throughout the Middle Ages, applied both to realty and personalty. However, it should be noted that during those times the distinguishing feature of modern investment, the surrendering of property to the use of another for purposes of income or profit to the owner, was almost totally lacking. Thus, if land were pledged as security for a loan, it was given over to the possession and control of the lender until the loan was repaid. Chattels were similarly pawned, and since the precious metals were used chiefly as a basis of borrowing, the medieval goldsmiths, of whom the Jews and the Lombards constituted the largest element, were the earliest pawnbrokers. From this group of craftsmen developed the modern banking institutions, without which modern investment, as we have it today, would be impossible.

Although money and coinage is as ancient as civilization, banks and banking as specialized business institutions were not established until after the beginning of the modern period of history. The earliest examples in medieval times of anything resembling banking functions was the practice of depositing precious metals with goldsmiths or high church and state dignitaries for safekeeping.

Gradually as the interchange of goods and services in terms of money values expanded both nationally and internationally, and as standardized systems of account-keeping came into use, the convenience of opening specialized offices for transferring values by means of book entries was slowly recognized. Undoubtedly, the leading incentive to the establishment of banks was the growing use of bills of exchange as a means of making international payments throughout Europe.

The credit for the introduction of bills of exchange in industry and in international commerce belongs to the Jews. As the Brothers Percy in their entertaining and immortal anecdotes state: "They discovered the means of substituting impalpable riches for palpable ones, the former being transmissible to all parts without leaving behind them any traces indicative of the way they have taken."

THE first record of the establishment of a bank of national importance, was that of the Bank of Venice in 1171. In that year, the Republic of Venice, renowned for the commerce and industry of its inhabitants, levied a forced contribution on its richest citizens in order to meet the costs of an expensive war. The state, though making no promise to repay the loan, agreed to pay the contributors a perpetual annuity of 4 per cent annually. The bank was established to keep records of the receipt and to attend to the distribution of the interest payments. It is generally believed, though not definitely known, that the bank became a means of transferring the right to receive the interest on the loan from the original lenders or their devises to others. In this respect it became an ideal instrument for aiding investment, since it

(Continued on page 32)



# GRAHAM BROTHERS

## *Announce a New* ONE TON *Truck*

## Lighter, Sturdier, *lower in price*

1 TON CHASSIS $1175

1½ TON CHASSIS $1375

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Like their 1½ ton truck—with which Graham Brothers advanced from twentieth to sixth position in the industry in three brief years—their new ONE-TON represents a distinct achievement in the commercial haulage field.

Impressive appearance, well built bodies, quick acceleration, volumes of reserve power, sturdy frame and axles, easy handling, comfortable riding, extremely low upkeep cost—and dependable service everywhere!

Its advantages are so numerous—and so pronounced—that even a casual examination will quickly satisfy you of its exceptional merit. Dodge Brothers Dealers will gladly show you the body best suited to your needs.

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*THE* thousands of successful men who have chosen Forman First Mortgage Real Estate securities for that portion of their investment lists on which they depend for certainty of absolute safety, plus an ample income, indubitably have been influenced by the record of Forman securities over a period of 39 years. They have learned that George M. Forman & Company holds a unique position in the investment world, and that this company's expert service affords them ever-increasing new avenues for suitable diversification. Forman Bonds are a dependable haven for any part of your funds. Let us tell you why. Ask for booklet "How to Select Safe Bonds." Address Dept. 9912.

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There are just two things that you want your adding machine ribbons to do for you.

*First*—**give neat impressions that will last year after year.**

*Second*—**stand up under hard usage for a long period.**

Burroughs ribbons are designed to stand up under all the hard usage that you give them day after day.

And while giving this unusual service they also register neat and lasting impressions.

Only with good ribbons is it possible to get records that will continue to be neat and legible year after year.

*Order from Your Burroughs Inspector*

These quality ribbons are carried to your office by the regular Burroughs inspectors who service your Burroughs equipment.

Or, you can order ribbons direct from

**Burroughs Adding Machine Company**
Detroit, Mich.




(Continued from page 30)

registered the exchange of claims to future income.

Despite the growth of commerce and shipping subsequent to the founding of the Bank of Venice, it was not until early in the seventeenth century that public commercial banks came into existence. In 1609 the Bank of Amsterdam was organized on strictly commercial principles, and without any purpose of assisting government finance. It was solely a bank of deposit. There is no record that the bank made loans on its own account. The Bank of Hamburgh founded in 1619 was modeled after that of Amsterdam. It developed into an exchange bank, dealing principally in coins, currency and exchange.

The Bank of England, chartered in 1694 by Charles II in return for a grant of funds to the state, is probably the first private bank established both with government finance and with commercial activities which still exists. It is today the most important of the great central banks of Europe. Its shares, in common with the shares of other early banking institutions, became a profitable field of investment, but the principal utility of the banks was the furnishing of credit to merchants and shippers and in circulating currencies having sound and stable redemption values. By performing these functions exchanges were facilitated, the measure of deferred payments standardized, and a source of capital made available to business enterprise. Accordingly, banking throughout its history has been closely identified with investment, so much so that the field of one can hardly be separated from the other.

FOR many years and in fact almost up to the last decade, banking institutions were chiefly concerned with "short term" or "commercial credits." "Capital" or "long term" credit, with which modern investment is largely concerned, was confined principally to private banking houses conducted by individuals, families or partnerships. The great central banks, such as the Bank of England, the Bank of France, and the German Imperial Bank, while acting as fiscal agencies for their respective governments, furnished both credit and currency to the national business interests. They are therefore designated as "banks of discount and deposit" for the reason that they receive deposit of funds and at the same time grant loans through discounting notes and bills of exchange. The First Bank of the United States as well as its successor the Second Bank of the United States, and, since the Civil War, the national banks, have been banks of this character. The primary purpose of these institutions

(Continued on page 34)

# AMERICAN EXPRESS Travelers cheques sales

IN June and July of this year the total sales of American Express Travelers Cheques amounted to more than $42,000,000.

July alone recorded the largest volume of sales of any single month in the history of travelers cheques—exceeding the sales of July last year by more than $3,000,000.

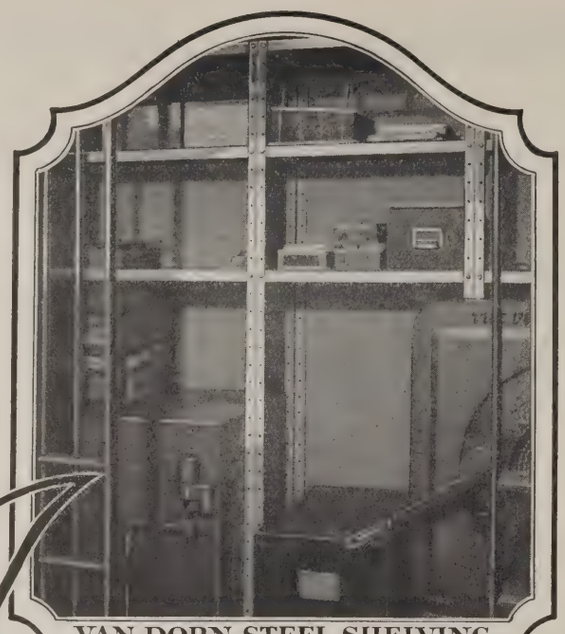
These figures tell more forcibly than words, the interesting story of the development and growth of the American Express Travelers Cheque System.

They are indicative not only of the travelers' appreciation of service willingly and competently rendered, but also of the nation-wide cooperation of thousands of banks which have recommended American Express Travelers Cheques to their patrons.

## American Express Co.

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OFFICES IN ALL THE PRINCIPAL CITIES



VAN DORN STEEL SHELVING

# It's Convertible



*HERE* is an interesting bank installation of Van Dorn Convertible Steel Shelving. The picture shows how the shelving can be built around obstructions.

It can just as easily be erected under stairways, around windows and doors, or to accommodate architectural arrangements of any sort. The shelving may be open or enclosed, with or without sides and backs, any desired spacing of shelves, etc.

In fact, a clerk with a screwdriver and wrench can build for you any shelving anywhere, as easily as he would build things with an Erector or Meccano toy set. The same principle is used, exactly!

This means not only quick erection but easy convertibility. You can have any kind of shelving desired, and change it or move it or add to it, tomorrow or next year or in twenty years.

*May we send catalog?*

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(Continued from page 32)

was to furnish credit for short periods, usually for less than six months, to merchants, manufacturers, farmers, importers and others, with a view to supplying temporary funds needed in the production and distribution of goods and commodities. As they are permitted to receive deposits repayable on demand, they are expected to have at all times resources at hand that can be readily liquidated into cash. The national banks until 1913 were prohibited from granting any loans directly on real estate security because it was believed that real estate mortgages, the maturity of which usually extended over several years, were not sufficiently "liquid" to enable a bank to dispose of them in the event it needed cash to meet the withdrawal of deposits. It is for this reason that, since their establishment, the national banks have played a minor role in the development of investment in the United States.

Investment banking institutions are, on the whole, a more recent development than commercial banks, though they are becoming of increasing importance. Originating, in many cases, as private businesses conducted by individuals or partnerships, they have been gradually taking on the corporate form of organization. There still exist the large and influential private banking houses, such as J. P. Morgan & Company, Brown Brothers & Company, Alexander Brown & Son, Robert Garrett & Sons, of Baltimore, and others. These have their counterpart in Great Britain in the Rothschilds, the Coutts, the Barings and the Schroeders. Notwithstanding their intrenched positions as "dealers in capital credits" (investments), they now have powerful rivals in the large commercial banking institutions, which during the last quarter of a century have been entering the investment field on an ever-increasing scale. The state chartered trust companies were the first banking corporations to combine in their activities the commercial and investment branches of the business. The establishment of these institutions dates back about a century.

THE first charter in New York was granted to the Farmers Loan and Trust Company in 1822. Though, as their name implies, trust companies were originally intended to administer trusts and in a few instances to operate as life insurance offices, they gradually expanded into the broad fields of commercial and investment banking. The investment end of the business was a logical sequence of the execution of trusts, since this operation frequently involved the investment as well as the custody of funds. As promoters of industrial and commercial enterprises and as dealers in mortgages and

investment securities, trust companies have become prominent only in the last quarter of a century. The movement, however, has been exceedingly rapid. This is indicated by the enormous growth of the investment business of such institutions as the Guaranty Trust Company, the Bankers Trust Company, the Equitable Trust Company of New York, the Harris Trust and Savings Bank of Chicago, and many others. Investment activities have not lessened or interfered with the commercial banking operations of the trust companies. The commercial end of the business has become and still remains the dominant one in most instances.

THE great commercial banks, on the other hand, were not disinterested observers of the expansion of trust company functions. They naturally were unwilling to leave the investment banking field to their trust company rivals. When not hindered by their charter restrictions, they also reached out into the business of originating and dealing in the various kinds of investment securities. They sought, moreover, to have their charters broadened so as to undertake trust functions as well as that of deposit and discount banking. The national government and many of the states were at first reluctant to grant these additional privileges to the commercial banks organized under their respective laws, but the drift toward the department store type of banking could not be swept aside. Today, national banks may act as trustees, and many states of the Union have granted the same right to the commercial banks created under their banking laws.

The first dominant instance of a large national bank expanding into investment banking was furnished by the National City Company of New York. In 1909 under the presidency of Frank A. Vanderlip, the bank prepared a plan to operate a securities company by organizing a corporation in which it would have complete stock ownership. The Comptroller of the Currency at the time disapproved this proceeding, but two years later a new plan, whereby the securities company stock would be held by the individual stockholders of the bank in the same proportion as their holdings in the National City Bank, passed the gauntlet of official restrictions. The example has been followed by numerous other national banks. In this way, the activities of these institutions become truly "national" in scope. They serve the nation not only in the ordinary routine operations of deposit and discount, but as promoters of American industrial and commercial enterprise and as directors of the flow of capital funds.


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To you, too, INDEX VISIBLE can bring the direct savings and indirect benefits mentioned in the letter here shown.

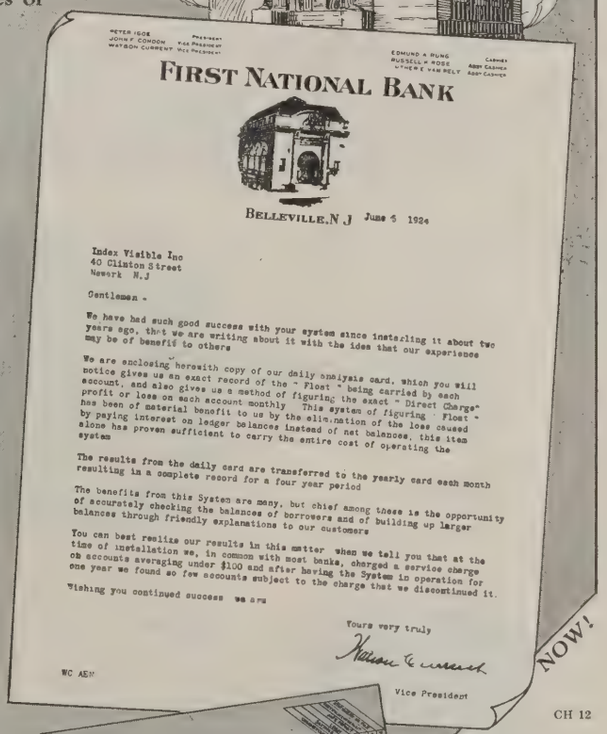
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Gentlemen -

We have had such good success with your system since installing it about two years ago, that we are writing about it with the idea that our experience may be of benefit to others

We are enclosing herewith copy of our daily analysis card, which you will notice gives us an exact record of the "Float" being carried by each account, and also gives us a method of figuring the exact "Direct charge" profit or loss on each account monthly. This system of figuring "Float" has been of material benefit to us by the elimination of the loss caused by paying interest on ledger balances instead of net balances, this item alone has proven sufficient to carry the entire cost of operating the system

The results from the daily card are transferred to the yearly card each month resulting in a complete record for a four year period

The benefits from this System are many, but chief among these is the opportunity of accurately checking the balances of borrowers and of building up larger balances through friendly explanations to our customers

You can best realize our results in this matter when we tell you that at the time of installation we, in common with most banks, charged a service charge on accounts averaging under $100 and after having the System in operation for one year we found so few accounts subject to the charge that we discontinued it.

Wishing you continued success we are

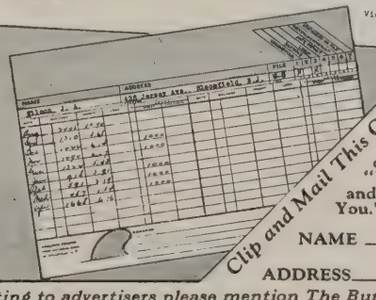
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## The Treasure Ship a Mile Above Sea

(Continued from page 24)

Here is what the Denver bank learned from the campaign:

A proportion of about 25 per cent of the homes called upon had young children who were saving their pennies in some makeshift toy, or old-fashioned iron bank, with a loose door easily opened. About half of these children had enough saved to open a savings account and get a house bank.

About 25 per cent of the mothers "intended to open savings accounts" for their child or children, but could not "get down to it." Here the solicitor pressed his wits to "close" and succeeded with about 10 per cent, leaving a bank-imprinted pencil or two and a paper "dime saver" with the delinquents who could not be won over during this first interview. Many of these parents had checking accounts at the Broadway Bank and elsewhere (here and there in an out-of-town bank). These savings delinquents and "promise-to-come-to-the-bank" prospects were placed upon a "future" list for follow-up.

Every home within the territory served by the bank, was visited, but special attention was given those homes showing evidence of child-life. Toys outside on lawns and porches, were excellent keys for the solicitor's approach. During the interview with the parent he invariably placed the house bank in the child's hand.

Approximately 50 per cent of the homes visited were either financially distressed, had dealings with some other bank or were already patrons of the Broadway National Bank.

The solicitor worked his field approximately six hours a day—from 9:30 to 4:30. The number of homes visited averaged forty a day.

With a list of accounts obtained (so as to avoid duplicative and embarrassing calls), this entire territory can again be worked in this fashion two to three times a year.

## Triple Entry

WARDEN LEWIS LAWES, of Sing Sing, was discussing the case of a rich New Yorker accused of income tax fraud.

"It reminds me of a story," he said. "A man was examining an applicant for the job of bookkeeper.

" 'Of course, you understand double entry?' he said.

" 'Oh, sure!' said the applicant. 'The last place I had, I kept the books triple entry—one set for the boss, showing the real profits, a second set for the shareholders, showing no profits and a third set for the income tax people, showing a loss.' "—*Boston News Bureau.*



# More Daylight with Less Glare

*National City Bank*
*Los Angeles, Calif.*
*Architects:*
*Walker & Eisen*

NOTE how this modern window equipment utilizes 100% of window area for lighting purposes. Perfect "daylighting" is accomplished because light rays are reflected to the ceiling, thus eliminating all glare and distributing subdued, restful daylight throughout the bank.

Over three thousand banks throughout America now use *Western Venetian Blinds.* This fact in itself is evidence of better service and greater economy.

Let us tell you of the many advantages of *Western Venetian Blinds.* Mail the coupon.




## Western Venetian Blinds

**MORE LIGHT~MORE AIR~LESS GLARE**

**WESTERN BLIND & SCREEN COMPANY**

*General Offices,* Los Angeles; *Factories,* Los Angeles and Kansas City

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Gentlemen: Without obligation on my part, please send me a copy of your 50-page illustrated catalog showing installations of Western Venetian Blinds in banks.

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City_____ State_____

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When the McBee Binder Company started in business it did so on a highly competitive basis, applying such straightforward and energetic methods that it soon dominated its particular field.

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*Unretouched photograph of McBee Compression Type Binder with Non-slip Posts*

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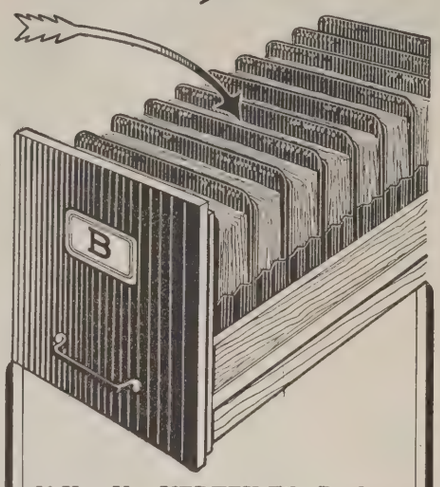
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## The Borrower's Financial Statement

(Continued from page 18)

request that its own form be used. Three different types of statement are provided by the Philadelphia bank—one for farmers, one for corporations, and the third for an individual or firm engaged in a business enterprise.

Four forms are provided by the Federal Reserve bank of Kansas City, covering specifically a corporation, a firm (partnership), individual (merchant) and stockman or farmer. It is not the policy of this bank to require statements to be made on its special forms, although this practice is preferred. The bank, however, states that it frequently approves notes on statements made up on forms other than its own, providing the material items are enumerated, and the statement clearly reflects the maker's condition.

ONE of the most detailed of all special forms prepared is that of the Federal Reserve bank of Richmond. Three types are furnished, for corporation, firm, partnership or individual owner of a business, and farmer or other individual. The statement amounts practically to a balance sheet, showing a condensed profit and loss account, and statement of surplus and undivided profits for the period covered by the statement. The forms were primarily prepared for the use of member banks in securing proper information concerning the affairs of their borrowing customers, and are furnished to banks without charge. The bank, however, does not insist that statements furnished in connection with rediscounted paper be prepared on any particular form.

Special types of statement for an individual (commercial or industrial), a partnership, a corporation, a farmer and a stockman are issued by the Dallas Federal Reserve bank. The policy of this bank, as outlined in a printed circular issued to member banks, is as follows:

In connection with all unsecured notes of $1,000 or more, copies of the makers' recent financial statement are requested to be submitted. The language of the circular well reflects the growing tendency to require such statements, as follows:

"Before taking this action (requesting statements with all unsecured notes of more than $1,000) the committee gave due consideration to the inconvenience which sometimes attends the procuring of financial statements; but it was felt that the public is becoming so well educated in that connection that the difficulties formerly experienced have now been in large measure eliminated. It is believed, too, that the value of a financial statement is much better appreciated by the banks than was formerly the case. For these reasons, as well as others, it is thought that we are warranted in adopting the policy outlined above.

"The committee also feels that, regardless of whether or not offered to us for re-discount, it is manifestly to the interest of the member bank that an unsecured obligation of $1,000 or over, particularly if acquired by a small or medium-sized bank, should be supported by the maker's statement, showing his assets and liabilities in detail, submitted and considered prior to granting a loan. Such statement on file with the lending bank constitutes at once a protection to the officer making the loan, information to the directors supervising the bank's affairs, and a guide to the bank examiner when conducting an examination * * * "

The Federal Reserve bank of St. Louis requires a financial statement of the borrower when the amount of the paper offered and under re-discount is in excess of $1,000. Where the amount of paper offered and under re-discount is $1,000 or less, the banker's estimate of the net worth of the borrower may be accepted by the bank, at its option, in place of a signed financial statement. Special forms are provided banks on which to make such estimates. A financial statement is not required where the paper is satisfactorily secured by a chattel mortgage on live stock, by bonds or notes of the government of the United States, or by warehouse receipts for commodities in storage. To be satisfactory as collateral, however, warehouse receipts for agricultural products as covered under the United States Warehouse Act must be issued by a warehouse duly licensed under that act.

In order to be eligible at this bank, the financial statement of a borrower should show a reasonable excess of quick assets over current liabilities, excepting that statements of farmers or stockmen need not necessarily show such an excess of quick assets, but must show a satisfactory net worth.

Forms provided cover the cases of agriculturists, stockmen, merchants, and manufacturers. This latter blank is provided for the use of "manufacturers, miners, quarriers and other producers."

THE Federal Reserve of New York City requires that a recent financial statement of the borrower be filed with it in cases where the obligations of any one borrower offered for rediscount amount to $5,000 or more, or, in the case of a member bank whose capital is less than $50,000, a statement is required if the obligations of any one borrower offered for rediscount amount

to 10 per cent or more of the bank's paid-in capital.

The bank supplies special forms of statement covering a corporation, an individual (merchant, manufacturer, etc.), a firm and a farmer, but does not insist that these forms be used. Statements submitted, however, must be "recent," and show the usual items of assets and liabilities in detail.

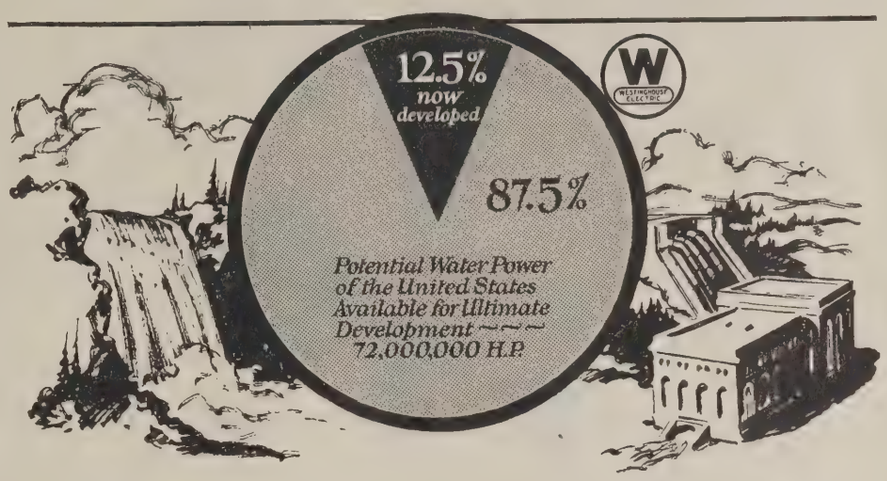
The Federal Reserve bank of San Francisco issues no form of financial statement, merely insisting that all paper offered must be accompanied by a certified copy of the financial statement of the borrower. It is stated that the principal concern of the bank is to see that the information given be sufficient and that the statement lists the assets, liabilities and other data regarding the borrower in such manner that his financial responsibility is easily ascertainable. Any form of statement which gives this necessary information is acceptable under the rules of this bank. Detailed instructions as to what such statements should contain are, however, given in a printed circular issued by the bank, from which the following quotation is taken:

"FINANCIAL statements need not be in any particular form. It is preferable that each bank should use the form or forms of statement which are most suitable for showing the financial condition of its own customers. However, the items detailed in the statement should be complete and set forth in such manner as to be easily understood. This particularly applies to the maturities of deferred accounts, bond issues, mortgages, etc.

"In determining the acceptability of mercantile paper, adequacy of financial resources and liquidity are the primary elements. The features considered in determining liquidity are flexible and cannot be measured by any fixed ratio.

"Financial statements of agriculturists must be accompanied by evidence showing the source from which liquidation of their current indebtedness may reasonably be expected. If such liquidation be anticipated from the proceeds of crops yet to be harvested, a convenient means for supplying the liquidation value thereof will be found in the use of a crop statement. Such report may be obtained from the borrower when his crops have reached a state of development at which it is possible to make a fair estimate of yield, price, etc. Frequently statements are taken from borrowers three or four months before it becomes necessary to offer such borrowers' paper to the Federal Reserve bank of San Francisco, for discount. A crop statement prepared about the time the paper is offered for discount will obviate the necessity of requiring a later

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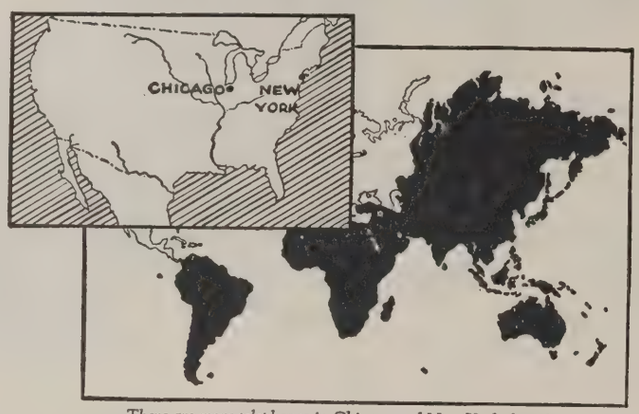
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financial statement from the borrower, provided there has been no material change in his financial resources.

"Financial statements of incorporated companies should give the names of officers. A certified copy of a resolution of the board of directors specifying those who are authorized to borrow in the name of the corporation should be on file with the discounting member bank and available for use by or inspection of the Federal Reserve bank of San Francisco when desired.

"Financial statements of partnerships should specify whether the partnership is general, special or trading. The names of the partners should be given unless they are numerous, in which case the names of the principal partners will suffice.

"Certificate of partnership, accompanied by articles of agreement, if any such exist, should be on file with the discounting member bank and available for use by or inspection of the Federal Reserve bank of San Francisco if and when desired. For a sample form of certificate of partnership, see Supplement 9.

"All copies of financial statements must contain the following certificate:

"The foregoing statement is a copy of the original statement, signed by the maker, in the credit files of this bank.

----------Bank of----------

----------
Written signature of authorized officer.

"When certified copies of financial statements are submitted, they must be in the exact form of the original statement of the maker. Borrowers' statements which have been condensed by the member bank are not true copies and therefore will not be accepted."

THE Cleveland Federal Reserve bank also accepts any form of statement which is properly drawn and signed so as to furnish the information needed in determining the eligibility and acceptability of paper presented for re-discount. Forms recommended by the Cleveland Clearing House Association are generally used by the banks of Cleveland and vicinity, but as the Cleveland Reserve district comprises not only all of Ohio, but parts of three other states, the forms of statements sent in by banks differ considerably. In many instances it is stated the original statement is submitted with the paper offered. In this case it is the practice of the bank to copy such information as is desired, after which the statement is returned to the member bank forwarding it. In other cases, member banks supply certified copies of the statement made to them, and these copies are retained in the credit files of the Federal Reserve bank.

When the paper of any one borrower

is in a small amount, the bank usually is willing to accept information from the banker's own personal knowledge of the borrower's financial condition, but a reasonably accurate estimate of the assets and liabilities and other information of a pertinent character is required. A special information slip to be filled out by the banker is provided for this purpose.

Only one form has thus far been issued by the Federal Reserve bank of Boston, designed to cover all cases of firms, corporations or individuals. Its use is not required by the bank, as it is merely furnished to member banks, on request, as a suitable sample form of financial statement. It is stated that in this district there are no requirements with reference to financial statements which are peculiar to that district.

The Federal Reserve bank of Minneapolis supplies four forms for the use of its members, practically the same in character as those used in other districts.

"THE general use of the financial statement by borrowers has not only improved banking methods," said an official of one of the Federal Reserve banks, "but it has done something more—it has given the smaller business man, the farmer, the stock grower and other men who have not been accustomed to keep books or carefully to check their operations, a more clear understanding of what they are accomplishing from year to year.

"A farmer, for instance, at first may resent the demand for a financial statement by his banker. But in most instances he now has to submit one, if he is to secure accommodations of any considerable amount.

"Perhaps he does not know how to make out such a statement—but his banker helps him. The farmer gets his loan, and the statement goes into the bank's files.

"The next year the same farmer desires further accommodations. Naturally the banker will get out the former statement. A new one is prepared. It is the most natural thing in the world for these two men to compare the old with the new statement. The farmer then has before him a visualized indication of his progress during the year. He sees where his assets have grown; where his liabilities have been decreased; where his net worth is so much greater than twelve months before. This is a spur to his efforts. The third year he is not only willing, but anxious, to have his statement made out, in order that he may see how his affairs are progressing.

"The same thing is true of the smaller merchant or other business man. Just as the income tax law forced many a merchant to keep a set of books which




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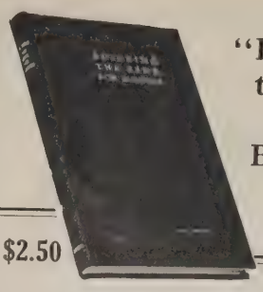
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have proven of untold help to him, so the making of financial statements, once considered as an insulting requirement on the part of the banker, is now no longer resented, but accepted as common business practice.

"In fact the financial statement is more than a guide-post for the banker—it is an equally valuable guide to the maker. As one of the things which make for better and more efficient business methods it should be, and I believe is, being accepted generally as a very real contribution to the progress of business and business men."

## A Merry Christmas Party for 16,000 Children

(Continued from page 12)

parties were scheduled for the afternoons of four days during the Christmas holidays. They were held in the afternoon so that the children could come unescorted. Furthermore, the theater, being an "outlying" one, was not in use during the day and so was available. The "party" was really a theater party with a Santa Claus at the door and a little gift for every child. The feature picture was a special children's film—a pre-lease picture shown specially for the bank. In addition, there were the usual comedy, travel and educational films. The vaudeville entertainment was furnished by children. It was all distinctly a children's show. The gift was a good pencil and eraser done up in a holiday envelope—useful but inexpensive.

EXCEPT for a special film telling about the bank and urging our little guests to have a good time, the bank made no effort to capitalize the occasion.

The "Peoples Bank" Christmas parties were a real success. The children all voiced their pleasure—the parents, many of them, wrote their thanks. In spite of winter weather, fully a hundred children arrived as early as 9 o'clock every morning to await the opening of the doors at 12:45. By noon they jammed the lobby and overflowed in a long line that would have blocked the street if the police had failed us.

As in judging the results of any publicity "stunt," the result of these children's Christmas parties cannot be estimated fairly. It is such an intangible thing. But the bank certainly made friends with all these future citizens; it surely won the good will of their parents; and the 145-column-inches of publicity printed about the affair in local, foreign and metropolitan papers, could not have been bought. In the matter of expense, the item of souvenirs was by far the greatest.

For the benefit of any bank that might consider a similar entertainment of its own, I might add that it is usually possible to secure a theater rent free, for the publicity it, too, receives. And many of the other expenses can be eliminated or kept very low, simply because of the nature of such an affair.

## The Meaning and Methods of Securities Service

(Continued from page 9)

chance discovered in it all her mother's wealth—stock certificates, bonds, gold coin, thousands of dollars' worth of property. Chance alone prevented a large loss to the family.

Following are some other true incidents which, as the doctors say, "indicate" custodianship service:

In helping a woman to make out her income tax return, a trust company discovered that she had not collected three semi-annual interest payments on a mortgage she owned—a temporary loss for her of about $1,950. The officers of the trust company quickly convinced this woman that she should let them look after her securities for her, as the moderate fee charged would usually be more than offset by the saving effected in various ways.

ANOTHER woman lost $60 every month for a number of months because she went away on a long trip and left all of her securities in her safe deposit box. In the meantime some of the bonds were called for redemption. The trust company knew she had the bonds because she had left coupons for collection, but neither the trust company nor its client could get at the bonds until she returned, so the owner lost considerable interest which she otherwise might have had. Of course, this customer could have given some one a power of attorney to open her box, but most persons are very loath to let any one have access to their safe deposit box, and even banks and trust companies are very reluctant to take any such step because of the responsibilities involved.

A somewhat similar case is that of a woman stockholder in a public service corporation which went into the hands of a receiver during her absence from home on a visit of several months to a distant part of the country. Her securities were locked up in a safe deposit box and there was no way that they could be gotten out to be deposited under the plan of reorganization in time to take advantage of it. Months after the matter was closed up she returned home. Through the influence of the trust company her holdings in the failed corporation were deposited although the time limit for doing so had expired. Otherwise she would have suffered a loss of many thousand dollars. Thereafter this woman placed

all of her securities in the safe-keeping of the trust company.

Having learned how frequent is the loss of interest because owners of securities are not made aware until too late of changes in the status of their investments, one financial institution sends out to such losers, whenever it learns of specific cases, a letter reading something like this:

Dear Sir:

On July 30 you presented at our office and received check in payment for $10,000 Southern California Edison Company 6 per cent debentures due March 15, last. It appears that because you failed to present the bonds at maturity and re-invest the proceeds promptly you have lost over $200.

This unfortunate occurrence leads us to inquire whether you have ever considered the advantages of depositing your securities for safe-keeping with this company.

Many persons, because of absence or illness, fail to present bonds when they are due or called for payment. The consequent loss is often greater than would be the charge for the service which we suggest.

Through our many sources of information, we are always well posted on matters affecting securities and we always endeavor to give our customers the benefit of our information.

Yours truly,
Secretary.

In this connection, it is interesting to reproduce this letter received by another trust company from one of its clients:

Gentlemen:

Some months ago when you first brought your "securities-service" to my attention, I couldn't see the point. Not being a schoolboy or a dunce I thought I was quite able to take care of my own investments, but—I was wrong.

In the first place I was taken sick. While I was laid up interest and dividends were not collected; consequently the money was not promptly reinvested. That cost me more than your fees. Then I went away to recuperate. In my absence I lost some valuable subscription rights. That cost me more money. Then I put my securities in the care of my secretary. He blundered, innocently enough, and that cost me more—considerably more than your modest charges. So, you see, I lost out all around—it served me right.

Now that I've turned these things all over to you, I have more time for other matters, I've quit worrying, and—I've quit having losses. I've come to my senses.

Yours truly,

THE routine care of securities which a bank or trust company offering this service should be prepared to give includes:

Collection of dividends and coupons.

Preparation of certificates of ownership, in accordance with the terms of the Federal Income Tax Law, under authority given in a special form of power of attorney for the purpose of having clients appoint the financial institution as their agent.

Collection of matured principal of investments.

Delivery of securities, sold against payment.

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Specific services consistently advertised are dependable services. Such advertisements should be as accurate as the bank's published statement of condition.

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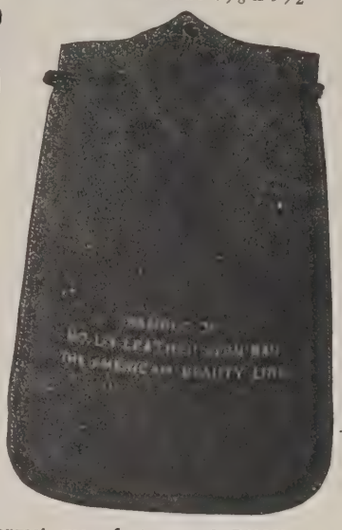
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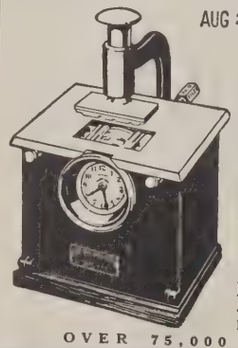
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Rights to convert bonds into stock.

Bonds called for payment before maturity.

Rights to subscribe to new issues of bonds and stock.

Reduced, increased or extraordinary dividends.

Receiverships.

Formation of protective committees for stock and bonds and other material information, excluding market fluctuations.

Upon request, advice can be given in regard to the desirability of changing investments, etc., as well as to execute, through brokers, orders for the sale and purchase of securities.

It is not only individuals that can use safe-keeping service. Banking institutions in other sections of the country frequently open such an account with a bank or trust company at New York, the financial center.

Under such an account the New York institution becomes the depositary of securities—either of out-of-town banks or its customers. It furnishes the clerical supervision connected with the collection of principal of matured bonds and coupons, dividends payable, and becomes the medium through which transactions in securities are effected.

SECURITIES which the out-of-town institution sells are delivered through the New York bank and payment received and credited. Securities purchased are presented to the New York bank and paid for the account of the customer bank.

In this manner all delay is eliminated. Securities so held are immediately available for delivery in the New York market. The customer is freed from unnecessary detail, and the expense and risk in the shipment of securities and cost of insurance are obviated.

By code telegrams or open messages with check words which insure the authenticity of instructions, the New York custodian will either place orders or consummate transactions previously arranged with the customer's brokers.

Through detailed reports of each transaction the customer bank may supervise its investments as readily as if they were in its own vaults.

Thus the service for out of town banks is almost as valuable as for individuals.

## Anticipating the Future Thirty Years

(Continued from page 14)

up a bit of the floor as its roof, and gives transportation between the working quarters and the vault in the basement. It is used mainly for carrying cash and books between the tellers' cages and the vault. All furniture within the island is metal. Many of the desks contain built-in safes, fireproof boxes for holding the racks of cards and other forms and records not kept in the vault.

A UNIQUE feature of the vault is its door. The customary recesses or offsets in the edges of the door and the door jambs are missing, and the surfaces are smooth for the entire depth, a new style of construction which the designers say gives the maximum of metal to metal contact. The door weighs forty tons, is three feet thick, and is locked by eighteen five-inch bolts. The rear wall of the vault has an emergency door of manhole size, of the same thickness and construction as the main door, and equipped with the same locking device. An interior telephone gives outside communication, and care has been taken to safeguard the welfare of any person accidentally imprisoned. A key is kept in a glass box near the telephone; it fits a keyhole on the inside of the main door, and when turned there shuts off the time lock, thus permitting rescuers to open the vault door immediately. A card of instructions over the telephone lists the numbers of officers to be called in case of shut-in. It is said the air in the vault is sufficient to last a man five days, were it necessary to remain shut in that long.

Opposite the vault entrance is a large room for use in examining papers. It was used for this purpose by the trustees at their semi-annual examination in June, and also by examiners of the state banking department at their annual visit, and proved a noticeable convenience—quite in contrast with the usual stuffy anteroom provisions.

Apart from the main banking room, the finest in the building is the trustees' room on the main floor, on the left of the Broadway entrance lobby. It is a massive apartment, paneled and furnished in oak. The controller's office is across the entrance lobby. The other officers are upstairs, on the second floor, with the president's office and an adjoining conference room at one end.

One of the most interesting parts of the building is the sixth floor, which houses the service features for officers and employees. Every member of the staff is provided with daily lunch by the bank, and on Mondays, when the bank is open in the evening, with dinner

as well. The sixth floor is largely given over to this service in a series of rooms grouped around the central glass dome which roofs over the main banking room.

The east side of this top floor is a large dining room for the tellers, bookkeepers, clerks, stenographers, and other employees. On the west side, the corresponding space is occupied by a large room designed as a dormitory. In time of emergency, when employees may have to remain in the bank overnight, as was the case several times during the war, this room will furnish comfortable sleeping quarters. Between these two large rooms are the dining rooms for the officers, and the kitchen. The kitchen and refrigerating equipment is complete, embodying every culinary feature that you can find in the most modern hotel.

THE practice of serving meals to employees is not an innovation introduced with the new building, though it has been provided for here with facilities of a completeness that were impossible in the old downtown quarters. But for nearly fifty years the Greenwich Savings Bank has followed this policy, finding it of mutual benefit to the bank and to its staff both as a means of saving time at the noon hour, which is normally a rush period in a savings bank, and as a means of assuring the employee good food under healthful conditions.

An officer of more than forty years' standing was telling of the bank's first restaurant arrangements, which were installed in its old building on Waverly Place. The basement here was set apart for the kitchen and dining room, and an old negro mammy, known to all the staff from the president down to office boy as Auntie Lent, was in charge. When she had lunch ready to serve, Auntie Lent would bump a piece of iron pipe against the ceiling of the basement. The teller above, hearing it, would kick on the floor in acknowledgment of her signal; and the members of the staff would presently file down in their scheduled order to eat.

An even more striking contrast would be the little two-room office in which the bank started ninety-one years ago set down beside this massive modern banking home. Perhaps there is more room in the vault of the present bank than there was in the entire original establishment of two rooms.

Nor does this mean that the bank has reached its growth. The new building was designed with an eye to future expansion. The working space within the island on the main floor is sufficient to care for 350,000 accounts more than three times the present volume. Other space was planned on a corresponding scale. There are rooms





IN many cases the monthly statement is a bank's one point of contact with depositors. For that reason, the statements should properly reflect the standing of the bank. To employ a cheap paper for statements, is mistaken economy.

TYPOCOUNT Linen Ledger — the same paper that is so generally used for machine bookkeeping — is also made in a lighter weight which is recommended for bank statements. The cost will be slightly more than for ordinary paper, but increased improvement in the appearance of the monthly statements will more than justify the use of TYPOCOUNT.

TYPOCOUNT has the required strength to stand repeated handling, also the stiffness to stand upright in the Tray Binder. It can be "snapped" out of the machine without showing wear or tear. It insures clear, sharp impressions.

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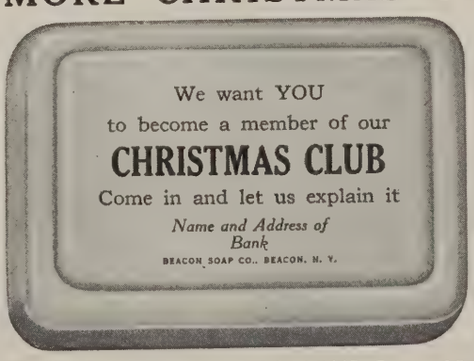
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INCREASE the number of your Christmas Club or Special Savings Account Depositors through the distribution of Beacon Advertising Soap.

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BEACON SOAP COMPANY, Inc., 19 Main St., Beacon, New York

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**Overstuffed Ledgers**

When your loose leaf ledger becomes overstuffed—

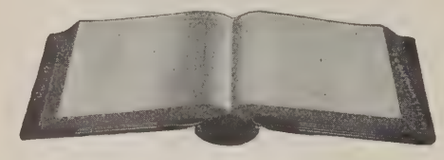
And a bookkeeper slips a sheet into a desk drawer instead of into the ledger—

One that is cross-indexed for several references—

And it can't be found—

And you lose a lot of time and some business because of it—

Just install loose leaf books that CANNOT become overstuffed—the Proudfit System.



For 15 years the Proudfit company has acted as expert consultant on loose leaf problems, for clients of consequence throughout America.

AGENCIES IN ALL LARGE CITIES

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assembles under one banner the greatest masters of the day.

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is the way our most ardent supporters describe it.

For example, it was sixteen months in the building and the highest paid copy-writer in the world is the principal contributor.

Inform yourself completely about CHEER before you buy any Savings Promotion Plan.

P. M. REED

111 West Washington Street, Chicago

**For Sale** 45 ft. of Bank Counter and Screen. Marble, 42 in. high. Screen Steel, finished in mahogany, 4 wickets, one door. Round door Manganese Burglar-proof Safe, Time Locks. 200 Safe Deposit Boxes.

COLONIAL TRUST CO., Farrell, Pa.

on each floor between the oval inner wall and the straight outer walls to provide for office expansion. So, too, with the vault, the stock and record room, the various filing rooms, the service rooms for the personnel—everything has been built on a scale to anticipate the normal growth of at least thirty years.

High over the cornice of the Broadway entrance, on a massive entablature the full width of the building, inscribed in letters a foot long, is this true and inspiring statement of the savings bank idea:

*Among the passers-by, some go their heedless way to poverty; but you, who wisely enter through these doors to bring your savings may join with us to lay foundations for the prosperity of multitudes today, and know that your own money, rewarded for its service, returns to you as strength and surety for the years to come.*

## His Job—To Make Dawes Plan Work

(Continued from page 7)

Germany may still be bled white of capital. Many think that the Dawes plan will have to be modified, that it is merely a temporary compromise between England which must have a Germany that is strong economically and France which fears a Germany that is strong in any way. It is Mr. Gilbert's job more than that of any one other man to see that the Dawes plan has a fair trial and if it must be changed, to produce the evidence of why and how it must be changed. A rather large job—perhaps Ambassador Houghton is right, "the biggest job in the world."

And I think any one who has followed me so far will agree that of American investors who are putting their money in German industrial stocks and of American bankers who are advising them, he is the chief reliance. If they are going to win in their gamble that Germany is the new Eldorado, it will be because of his firmness and courage in resisting the demands for the pound of flesh.

Mr. Gilbert's rise to the point where he fills this extraordinary post with only a little stroking of the chin by Lombard Street is one of the romances of the modern banking world. He was brought to Washington, a youngster just through his bar examination, by Russell Leffingwell, then Assistant Secretary of the Treasury. Mr. Leffingwell was a brilliant man, who soon came to be known as the "brains of the Treasury Department." Mr. Gilbert was the kind of private secretary who does something more than answer the telephone and weed out those who have a legitimate reason for seeing his employer from those who have not. When Mr. Leffingwell retired from office he said, "I hate to go, for now they are going to find out that it was Gilbert who is the brains of this office." But Mr. Leffingwell himself had attracted the attention of the banking world and he became soon after his return to the practice of law one of J. P. Morgan's partners. This connection is important. It does much to explain Mr. Gilbert's subsequent acceptance by the world of finance.

Another connection that furnishes all the remaining explanation that is necessary was his connection with Mr. Andrew Mellon, Secretary of the Treasury. Mr. Mellon being almost as great a figure in the world of finance as is Mr. Morgan himself. When Mr. Mellon became Secretary of the Treasury he found Mr. Gilbert, well schooled by Mr. Leffingwell in the Department and he gave him Mr. Leffingwell's old post of Assistant Secretary, now called by the fancier title of Undersecretary of the Treasury.

THUS luck played its part in the making of the thirty-two-year old Agent-General for Reparation Payments. Had Mr. Leffingwell not been the kind of man to attract Mr. Morgan's favorable attention, Mr. Gilbert would have lacked the kind of vouching that made Lombard Street hastily remove its hand from the stroking of its chin. Had Mr. Mellon been a lesser figure in the world of finance, an Undersecretary in his administration might have escaped notice and anyway would have lacked powerful backing.

And I may say parenthetically in further explanation of Mr. Gilbert's appointment that the post of Agent-General for Reparations was earmarked for an American. There had to be an American general manager of the Dawes plan, some one nearly central between Europe's opposing forces, if the Dawes plan was to succeed at all. And when the American financial world came to look about for an American for the place, it found the men with adequate experience already partners of Mr. Morgan or otherwise too busy with their own affairs or too cautious to take it.

When Mr. Gilbert became Undersecretary to Mr. Mellon, it was a favorable moment to gain a reputation. Mr. Leffingwell was made by the war. Mr. Gilbert was made by after the war. The war had left the United States like a hardpressed business man with a lot of disorderly borrowings, with its paper on any terms possible in everybody's hands. There were several billions of this loose paper that required to be financed. And taxation had to be demobilized and got upon a peace footing. These two tasks

performed in a way that pleased the financial world were sure to make someone's reputation.

Mr. Gilbert was as lucky in his new chief, Mr. Mellon, as he had been in his old one, Mr. Leffingwell. Mr. Mellon is not at all greedy of reputation. He is the kind of man who devolves responsibility upon subordinates. He let the job of Undersecretary be ten times as big a job as it ever has been in the history of the United States Treasury.

The Undersecretary of the Treasury has charge of finances. His job is to see that money is provided by one method or another. He has to figure on the income, make recommendations as to taxes and bonded inflow of money, and so on. In other words, this assistant is responsible for the incoming money and then to a great extent he must watch the outgo, although the budget bureau first handles that problem under the supervision or rather with the co-operation of the Undersecretary.

Mr. Mellon left it to Mr. Gilbert to form the plan for putting the government's seven billions or so of short term borrowings upon an orderly basis. The problem then was of refunding the war debt. Some insisted it could not be done without causing a tremendous advance in interest rates and a consequent burden on private business demands for money. Some thought we would need another popular loan. Fortunately, however, we ran into that post-war inflation, tremendous increase in revenue; and with the exception of two years, business has been good and better since the war. That helped much in the general problem and the effect on business of this refunding. Then Mr. Gilbert adopted the program of taking small bites at the big job and making each of these loans fall due immediately following a tax-paying period. He spread them out, in other words. So far it has been handled without much trouble and much disturbance, although there is now a second guess here and there that we have paid entirely too high interest rates and the market for securities justifies this second guess.

There was no difficulty in fixing a money rate by the method adopted, however, provided the money was available to tempt. The Treasury Department just took the market quotations over a convenient and near period for all government securities and based their new offering on this rate, or rather on an average rate. In other words, they tested the market by available quotations and then offered on that test. With the Federal Reserve System assisting tremendously, no difficulty resulted. That is another tribute to the fact that we had some agency reaching throughout the country and into every banking facility.

The criticism generally is that Mr. Mellon—Mr. Gilbert did it all—tested the situation, and permitted the money market, the private money market, to dictate what rate should be paid. It is contended that with the tremendous power such large borrowings gave, Gilbert and Mellon might have led the market, instead of permitting the market to lead.

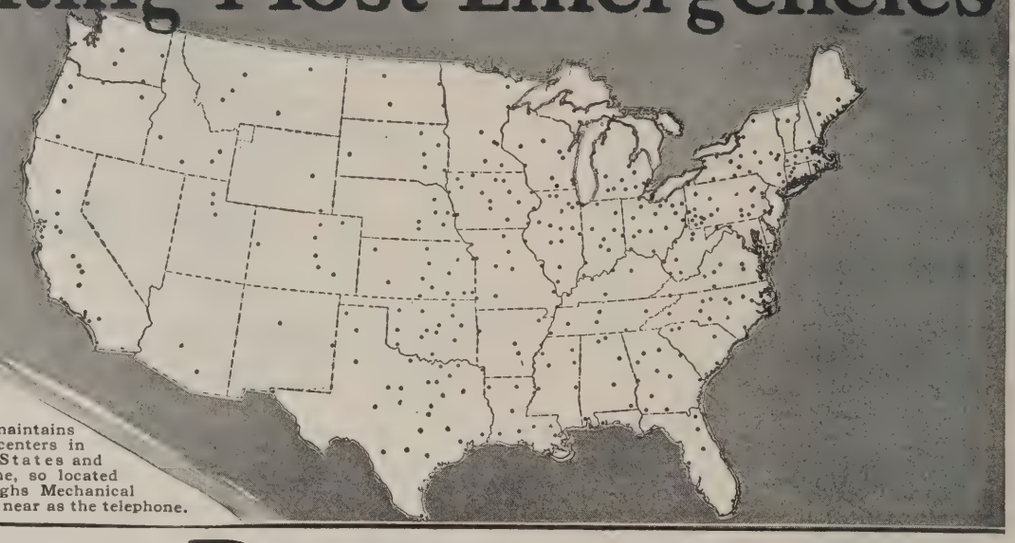
So much for the refunding. Mr. Gilbert was the author of it. Equally he was the author of the so-called Mellon plan. He worked out the details of it with the assistance of Joseph C. McCoy in the Treasury Department and of Mr. Leffingwell in Mr. Morgan's Wall Street banking house. When Mr. Mellon came back from Europe, about all he had to do was to give the famous plan his approval.

When the two tasks were performed, Gilbert was well and favorably known among the American international bankers. He was almost as much at home in Mr. Morgan's office as he was in the Treasury Department. He has powerful backing. He has the self-confidence which early success gives. He is patient and industrious. He listens to advice. He has a good mind. He has a keen sense of the value of the right connections.



# Preventing Most Emergencies



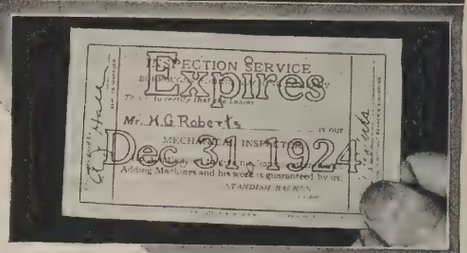


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### *Burroughs Service Men are Burroughs Trained*

Even after he has been thoroughly trained in servicing Burroughs machines, the education of each service man continues as long as he carries the Burroughs card. He must know the latest methods of servicing and the newest types of construction which are constantly being developed at the factory.



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Accidents which may occur in every bank—in every store—do not mean delay and confusion to the Burroughs user. He calls his local Burroughs office and a Burroughs service man is quickly working on the job. If the damage cannot be remedied at once a similar machine is furnished gratis until repairs have been completed. You can count on continuous service from Burroughs machines under all circumstances.



# Burroughs

Adding Machines | Bookkeeping Machines | BETTER FIGURES MAKE BIGGER PROFITS | Calculating Machines | Billing Machines

# —Ready for All —

When a Burroughs machine starts to work on your figures, it immediately becomes a vital part of your business. The work it performs is so important—the time it saves so valuable—that even a short interruption in its service might prove costly to you.

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# Mechanical Service



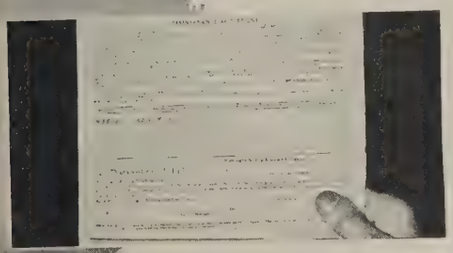
### *When Disasters Occur*

Even in the face of such a paralyzing disaster as a destructive fire, Burroughs Mechanical Service is still able to provide an efficient means of carrying on the owner's figure work. Other machines are placed at his service during the time of settlement, and until he is ready for new machines or until the damaged ones that can be reconditioned are ready. Burroughs Mechanical Service is ready for every emergency.



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Every Burroughs machine is given a year's guarantee. During that year a Burroughs inspector calls regularly to oil and inspect the machine and to make certain that it is in perfect condition. This service is rendered by the Burroughs Adding Machine Company without cost to every Burroughs owner. The company does not feel that its obligation ceases with the sale of a machine.



### *Maintenance Service*

At the expiration of the one year's guarantee which every Burroughs machine carries, the company offers a service contract, optional with the user, by which the company guarantees to keep the machine oiled, inspected and in perfect operating condition for a small annual fee. This contract is renewable year after year.

*Burroughs Mechanical Service is one of the many reasons why more than 750,000 Burroughs machines have been sold to do all kinds of figuring in all lines of business. Burroughs can also help you to make more money. Phone the local office or mail the coupon.*

# Burroughs

Adding Machines

Bookkeeping Machines

BETTER FIGURES MAKE BIGGER PROFITS

Calculating Machines

Billing Machines

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I would like to know how Burroughs equipment will help me.

Name----------

Business----------

Address----------



IN CLEVELAND

The UNION TRUST Co.

*Resources over 290 Millions*



## Your Carbon Copies at Work for You

(Continued from page 21)

Read this letter cutting out phrases indicated, and a double virtue is accomplished. The letter is briefer and, what is more, it is purged of all distasteful references.

Apropos of cutting down one's letters, Anatole France once said something to the effect that the scissors are mightier than the pen. Were he ever to pose for a picture as an author, he would prefer to be painted clipping his articles rather than penning them.

*The Dignified Letter*

An important factor in bank correspondence is that it has always to maintain the dignity of the bank's character. A bank letter must contain nothing which gives evidence of fear on the part of the bank that an account will be lost. A dictator must never use a tone that is so apologetic that it becomes suggestive of weakness. All due courtesy should be used in outlining the bank's policy, but courtesy must never be confused with an apologetic spirit. Also, the bank must never appear to be too anxious to serve the customer. The public has received an overdose of high pressure selling during the last few years. The bank must never go to the extent of the mercantile house in pushing its wares. The following is suggestive:

"Dear Alexander:

I am in receipt of your esteemed favor of April 15 regarding your note $866 falling due on April 27.

We shall be only too glad indeed to renew the same at 3¼% for either four or six months' time. If it would be any accommodation to you, we should be glad to have you increase the amount.

Assuring you of the pleasure that it gives us to serve you at any time, we are

Very truly yours."

Last but not least the letter must keep in mind the point of view of the customer. The following letter is suggestive of the policy of one of the largest banks of the country and it is by attempting to follow the policy expressed in this letter that the bank has become one of the most successful in the country:

"Regardless of whether a person is a depositor of this Company or not, it is our desire that every one who enters our offices should be treated with courtesy. Custom has established with us a rule that everyone should consider our friends and customers as invariably right."



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# The Burroughs Clearing House

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IN THIS ISSUE

INTERPRETING FOREIGN TRADE OUTLOOK
ANTICIPATING CROOKS; CENTRAL FILE




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# For 20 Years the Standard!

RAND Visible-Name Check File Guides were invented by a practical banker, James H. Rand—a man who knew from long experience the bankers' needs.

For twenty years they have been the accepted standard of practice in check filing. Thousands of banks the world over have cut time and labor costs with RAND Visible-Name Check File Guides.

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Let us send you a sample guide with Angle Tab. Insert it in your present Check File. No further argument will be necessary.

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Colored signalled visible record which automatically prevents over-payment.

**Rand Central File** (New Business)
Visible Master File Record giving status of use of bank's facilities by each depositor.

**Rand Savings Ledger**
Its visible principle makes instant posting possible.

**Rand Check File Guides**
Described in this announcement.

**Rand Automobile Finance**
Specialized visible record equipment covering this important banking function.

**Rand Note Cases**
Devised for instant filing and ready reference. A time saver.

**Rand Ticket File & Binder**
Used by 20,000 banks. A proved system for filing and protecting deposit slips.

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# RAND

## VISIBLE-NAME CHECK FILE GUIDES

RAND COMPANY INC. NORTH TONAWANDA N.Y.
FOUNDERS OF THE VISIBLE INDEX INDUSTRY

## *The Editor's Indorsement*

FACING the glad New Year and quite incapable of choosing for discussion from the appalling lot of new leaves that want turning over, we are grateful to the Nebraska Bankers Association which saved us the trouble through the mail. Along comes the *Record* from Omaha, devoting two of its four pages to crime and announcing the capture and conviction of a clever swindler whose operations have extended over a lifetime. His most recent victims in Nebraska were the Jackson State Bank—a small draft raised to $900 and passed on a bank in Sioux City—and the Colfax County Bank of Howells whose draft for $8.95 he raised to $895 and passed on the First National of Lincoln.

J. N. Johnson, alias William Hemingway, would first purchase a draft from a small-town bank on its correspondent in a nearby large point. He seems to have been able to obtain a supply of safety paper, and in a box, which he always sent on ahead of him, he carried a printing press, a full supply of lead type of various sorts, tubes of printers' ink of every color, engravers' tools, etching tools and three check-writing machines.

After securing a small draft as a sample, the operator proceeded to manufacture an entirely new draft that resembled the original so closely that even the printer who had manufactured it was puzzled. This engaged his attention during the better part of a month or six weeks during which he was also getting acquainted at the bank. When his spurious draft was ready, he first shipped his box away under an assumed name, and several days later shipped out his trunk and big valise so that, as he declared after his arrest, there was nothing on him or in his hand baggage that could give him away when he cashed the draft, and all he had to do was step aboard a train as soon as he had the money.

BE IT resolved that we turn a leaf for bank crime prevention. This month begins a series in which we will endeavor to present whatever is new and emphasize again the simple precautions that everybody knows but unfortunately too often fails to heed, to halt the lobby sneak thief, the forger and alterer of checks, the bandit and the safe blower. Mr. McLellan, formerly division manager for William J. Burns International Detective Agency, discusses the ways of the lobby thief at waste paper baskets and writing desks, who cashes in on careless management and inadequate policing. He will follow later with the story of the daylight holdup. According to the Protective Department of the American Bankers Association, 90 per cent of the bank holdups take place in the noon hour. Draw your own moral and learn from Mr. McLellan the incredibly simple and inexpensive expedients possible for the protection of the bank during lunch time.

The menace of stolen securities, and the obligation of the banks to assist in discovering the thieves, will be the subject of Edward H. Smith, of the staff of the *New York World*. Mr. Smith is an authority whose work has appeared frequently in this magazine. Stolen negotiable paper outstanding registers a total loss today of $25,000,000 sold through "fences." Banks are the victims indirectly, if not directly. Their responsibility and the way to cooperate with the detective agencies and the police are well defined in Mr. Smith's review.

The Cleveland Trust Company is systematically drilling all employees who come in contact with the public in target practice—not to make them crack shots, the bank explains, but to teach them how to handle fire-arms. We've invented a new metal for vaults said to resist the hitherto deadly combination of acetylene torch and fluxing rod. There are other evidences of progress in crime prevention, but the most effective of all, the common sense of carefulness, especially in the small and outlying banks where most of the robberies occur, seems to be disregarded in spite of daily warnings.

WE KNOW of nothing in bank literature that should be more inspiring to bank men young and old than the life story of the late James B. Forgan, chairman of the board of the First National Bank of Chicago, "Recollection of a Busy Life."

Mr. Forgan tells of his ancestry and school days in Scotland; his apprenticeship and early business training; his leaving for Canada; his connections with the Bank of British North America, Bank of Nova Scotia, Northwestern National Bank of Minneapolis, Security Bank of Chicago; his work as a member of the Chicago Clearing House Committee, Currency Commission and American Bankers Association; his connection with the Federal Reserve System and his activities outside the banking profession; and closes his book with his moral reflections. In an appendix are given some of the important public addresses on banking and economics that he delivered.

OF SPECIAL interest in this issue is Mr. Martin's interpretation of the foreign trade situation. As conditions are restored to normal in Europe, American manufacturers must prepare for the most intensive foreign competition in history. To meet it, the tendency will be toward more and more liberal views of the government toward tariffs and world relations and of industry toward foreign commerce in all its aspects.

H. S.


# The Burroughs Clearing House

HERBERT SHRYER
*Editor*

C. D. MACGREGOR
*Business Manager*

JANUARY, 1925
VOL. 9 NO. 4


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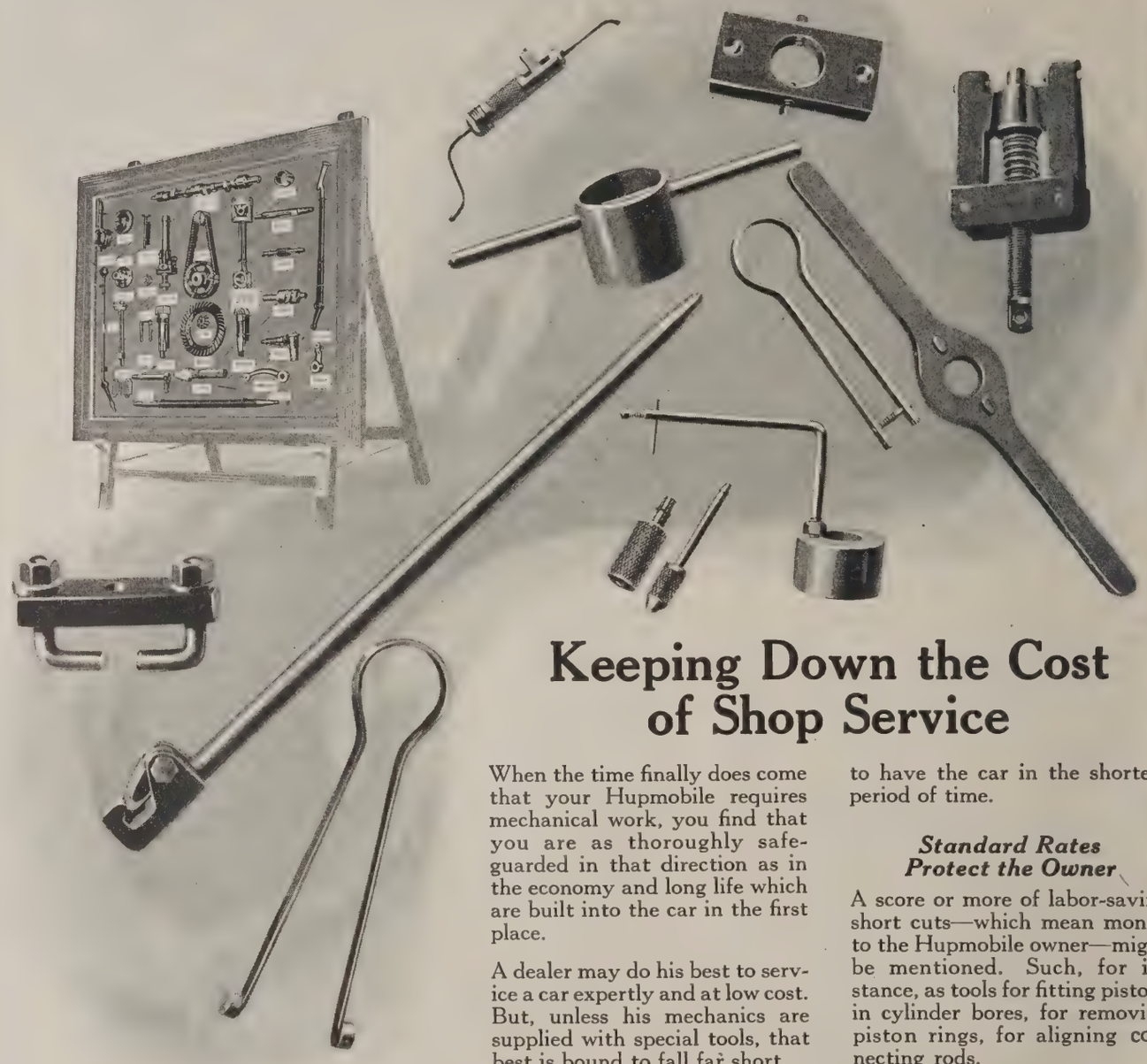
J. R. HAYES
*Eastern Representative*
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*Mid-Western Representative*
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LUCIEN KELLOGG
*Pacific Coast Representative*
Elks Club, Seattle, Wash.


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*Published Monthly in Detroit, Mich.*



Above are illustrated only a few of the many special tools designed and built by Hupmobile for its hundreds of service stations throughout America. These special tools enable Hupmobile mechanics to save minutes, and in some cases hours, on a given job.

# Hupmobile

# Keeping Down the Cost of Shop Service

When the time finally does come that your Hupmobile requires mechanical work, you find that you are as thoroughly safeguarded in that direction as in the economy and long life which are built into the car in the first place.

A dealer may do his best to service a car expertly and at low cost. But, unless his mechanics are supplied with special tools, that best is bound to fall far short.

Hupmobile dealers all have the special tool equipment necessary to assure lowest cost and quickest, most efficient service to the Hupmobile owner.

### *Hupmobile Designs Its Own Tools*

These tools are designed at the Hupmobile factory by Hupmobile engineers. Many of them are built by Hupmobile. They are specially designed to shorten the time of certain mechanical operations.

Therefore they help to save labor-cost for the owner, give him a better job, and enable him to have the car in the shortest period of time.

### *Standard Rates Protect the Owner*

A score or more of labor-saving short cuts—which mean money to the Hupmobile owner—might be mentioned. Such, for instance, as tools for fitting pistons in cylinder bores, for removing piston rings, for aligning connecting rods.

Hupmobile goes still farther. It has established a flat rate system—a standard cost for every repair and replacement job. The Hupmobile owner knows in advance that any mechanical work is going to cost a certain sum, based upon a time-labor charge and a parts cost set by the service experts of the Hupmobile factory.

This low cost and efficient service combined with the in-built goodness of the car results in maintenance costs so low as to seem almost unbelievable to men not familiar with the Hupmobile.

**Hupp Motor Car Corporation**
**Detroit, Michigan**

Vol. 9, No. 4 — The Burroughs Clearing House — January, 1925

# The Star of Hope in Foreign Trade

## Why and How We Shall Face Keen Competition and Fundamental Change in Our Business and Economic Relations With the World

*By* C. C. MARTIN

A FUNDAMENTAL change has taken place in this country during the past ten years, so far as our international outlook is concerned. Multitudes of our citizens have been taken from small and large cities and towns, and placed in direct physical contact with foreign countries and foreign affairs. Millions have had contact directly or indirectly with foreign countries through business transactions, and other millions have seen that their prosperity or lack of prosperity depends on foreign purchasing power. Large numbers are daily drawn into the sphere of direct interest by investment in foreign securities, until today we are no longer an insular people. We have taken a definite stand within the circle of international action, and while we will not be involved politically, we recognize that economically we have finally set out along a well-defined road.

Nevertheless the average view of international trade remains an intensely individualistic, one-sided affair. There is little or no fair concept of what the whole thing means. In thought and practice many of us separate it positively from domestic trade.

Foreign and domestic trade are merely manifestations of the general phenomenon of exchange of goods and services for goods and services. In both cases this exchange is brought about by some advantage to be gained by both buyer and seller. We exchange the product of our labor, skill and intelligence in domestic trade for what to us is most needed or desirable, and we do precisely the same thing in foreign trade. In both cases we exchange labor, skill and intelligence against labor, skill and intelligence, represented by commodities created by these three, by services rendered possible by them or by money which confers power of disposal over this trinity, but is no less the product of them.

In foreign trade we find the same trade laws controlling as in domestic trade, for all trade is founded on "absolute" or "comparative" advantage, and consequent price difference. England does not export wheat to Argentina, nor does Pennsylvania ship corn to Kansas, because in both cases there is an "absolute advantage" which leads to the shipment of coal and iron. Kansas or the Argentine do not ship steel and iron because their advantage lies in other things. We import flax from Russia and Belgium, silk from Japan, coarse wools from China and Turkey, not because we could not produce these things in sufficient quantities, but because we have a "comparative advantage" in producing other things. Massachusetts could make automobiles, the Carolinas rubber goods, Texas packer products, but they do not because textiles, or cotton or something else is comparatively more advantageous.

In both foreign and domestic trade the gain by this division of labor can neither be estimated nor measured in dollars or cents nor in schedules of percentages. The gain lies in greater production, wealth, employment, human comfort and happiness and all the things that go to make life worth while. It lies in the record of human progress, in man's emergence from the brute of the cave to the being that little by little is lifting the veil of nature's mysteries, until the mind staggers at the thought of what the next century will produce.

Serious competition is not characteristic alone of foreign trade. In the United States we have 110,000,000 people spread over 3,000,000 square miles, with a common



The Bush Building, home of many large American concerns in London and designed by an American, has set the standard for office building in London



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Wool in Turkey — snapping wool for spinning

language, it is true, a uniform currency and a single monetary system, but with a great many different markets and a great many competitive factors. We have price competition between the Southern cotton mills, their low wage scale and unorganized labor, and the higher wages and unionized labor of the North, to such an intense degree that Amoskeag, our greatest cotton mill, cannot see its way through. We have intense competition between unionized coal mines and those not so organized, between industries of large cities with lower cost industries in small cities. High costs and low costs obtain in all lines, from cotton and wheat to coal and automobiles.

DOMESTIC trade like foreign trade is not the result of any organized scheme, malevolent or benevolent. They are both produced by the play of the trader instinct seeking individual gain by the mechanism of exchange. The automobile manufacturer striving to exchange his product in the domestic market for purchasing power which will enable him to obtain raw materials, labor, take care of his manifold costs and satisfy his capital and personal requirements, is actuated by the identical motives as the same manufacturer in foreign trade. The springs of trade do not lie in nations or governments, but in individual initiative and effort.

Financially the analogy is equally close. The fruit grower of California sells his produce for New York dollars which are changed into Detroit dollars for automobiles, into Chicago dollars for mail-order goods, into San Francisco dollars for a trip to Hawaii, or what you will. Likewise the exporter transmutes his francs into pounds sterling, into Argentine pesos or Indian rupees with just as great facility and, sometimes by future exchange operations, with as great security as the man at home. Countless traders are doing this every day in every country of the world. The foreign trader and the domestic trader do precisely the same thing in different fields. They have their problems of surveys, sales quotas, credits, advertising, selling costs and so on, the exporter, however, having the problems of the domestic business man plus those incident to the foreign trade calling.

There is the same fundamental fact involved in both situations. The *fellah* of Egypt may have in mind merely his personal motives when he grows the cotton that, spun into a fine-count English broadcloth, makes me a shirt for the golf course. And I in the pursuit of my business occupations, may not for a moment think of this Egyptian laborer. None the less we are serving each other and a multitude of others. The significant relation between the roll on my breakfast table and the wheat grower of Montana lies in this mutual co-operation between men widely separated and unknown to each other. Transport, shipping, governments, industries, and all the other avenues through which trade and the benefits of trade must pass, from producers to consumers, depend upon this mutual co-operation between men of the same country or different countries, who, without so willing it and in complete indifference to the effect of their action, nevertheless weave this intricate and intensely interdependent thing we know as trade — in the end, a labor of service.

With us domestic trade is and will probably continue to be chiefly important. For some other countries the contrary is the rule. But foreign trade, on the import side, gives us things that in some cases only years of strenuous effort, in other cases no amount of time or labor, could ever give us. Our imports of tin, rubber, manganese, nickel, asbestos, are the basis on which rest some of our most important and our proudest industries. Without these imports our industrial development as we know it today could not exist. The economists may tell us that, from the point of theory, if we had no foreign trade our industry and labor would be diverted to other things and we should get along just the same. But the fact is that we cannot conceive of the "other things" without imported materials entering into them. Here we reach a striking contrast between foreign and domestic trade. We can imagine branches of domestic industry passing away as they have done in the past, with other activities taking their place. But we cannot imagine ourselves independent of a vast range of products from foreign countries, which have become essential factors and make possible our industry as a whole.

IN FACT and in truth our greatness is founded on foreign trade. When the West was an unknown wilderness, foreign capital girded the plains and pierced the mountains, opened up our mines, vast agricultural and forest wealth, and built our factories. When the time came for us to pay back these capital sums we had progressed so that our exports took care of the problem. And now when properly we are considered the greatest, most highly developed and wealthiest nation of the globe, still our imports are essential to this greatness, development and wealth, and still our exports are needed to pay for the imports.

However, in spite of the similarity of laws making foreign and domestic trade merely halves of a sphere, the two will never be regarded from the same perspective, unless universal freedom of trade be realized. At home, trade is without restraint, and there is a certain "dead line" of prices and costs, produced by relatively free competition of capital and labor. Abroad we have to suffer the restraint created by laws of the country in which we trade, and by the competition of many countries operating with different costs and prices, because of the lack of free competition of labor and capital between them. But although economists have preached free trade for centuries,

many nations of the world have been deaf to the pleadings and have, for a variety of reasons, created those artificial restrictions which separate absolutely foreign trade from domestic trade and make it an alien thing.

We are in no sense peculiar in our tariff legislation. Other nations do the same thing so far as they deem it safe. For many nations the margin is narrow. The Baldwin government of England fell because of its tariff policy, not because of the thing itself, but because it would have increased cost of living and prices of British goods abroad. The McKenna duties on automobiles were recently removed in England not because of free trade conviction, but to put England on a better competitive basis internationally. British exports of automobiles improved immediately. British cotton men say they are satisfied with our high tariffs, for if these were low American efficiency would be increased until Britain's cotton textile trade would be shaken to its foundations. American linotypes, typewriters, shoe machinery, agricultural implements, among other things, dominate the world, but are duty free.

We now reach the essential difference between foreign and domestic trade. From the Atlantic to the Pacific, from Canada to Mexico, we clear away the barriers. No longer are there tariff walls between states as we once had, and as China has today. There are no imposts to be paid for the privilege of passing goods into our great cities, such as exist in France. The workers of the North have a perfect right to compete with those of the South, and those of the West with those of the East. But when it comes to competition from abroad we admit no such right, and whether it be in the workers themselves or in goods, the products of their hands, we affirm with increasing determination our intention of maintaining in the United States a standard of living we have inherited from our fathers. It matters not that this standard is characteristic of other great new countries, we think it peculiarly our own. It matters not that our efforts to preserve this standard frequently result in lowered and inefficient production and lower real wages, we hypnotize ourselves with words.

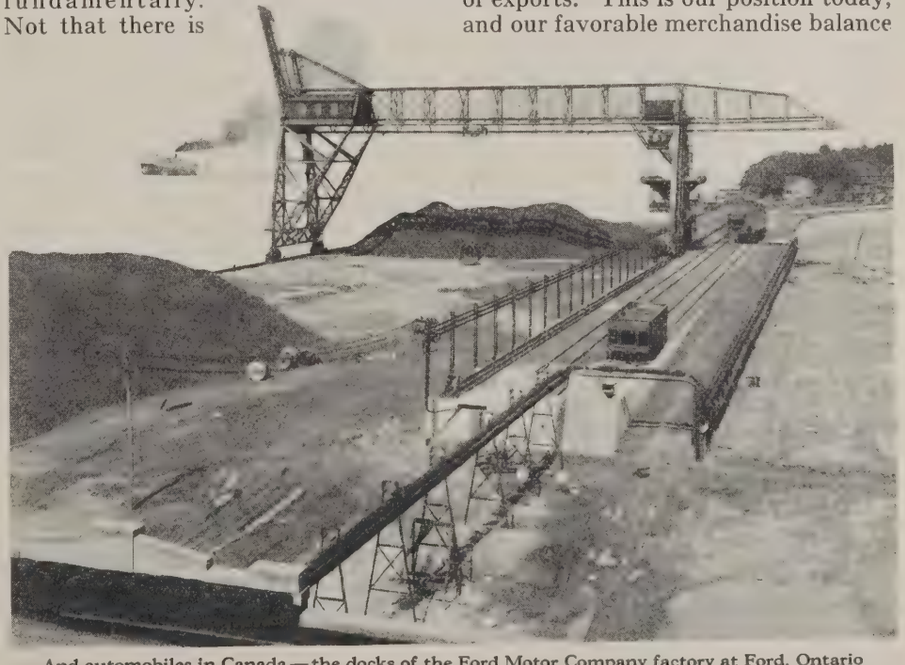


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**Silk in Japan — changing the beds of the silk worms**

IMMIGRATION laws, tariff imposts, merchant marine legislation, all have as their focus foreign competition within our borders. Outside we have to recognize this competition, we have to fight it inch by inch and the skill we are gaining in this battle and our changing position in foreign trade, are destined to modify many of our ideas fundamentally. Not that there is evidence of coming free trade. But there is prospect of greater elasticity in our tariff legislation, of gradual subsidence of extreme views and more reasonable appreciation of what our position as a great world trader means and the concessions it imposes.

A key position in the study of foreign trade economics, is the merchandise balance and the balance of payments, two very distinct things although frequently considered identical. Study of these two balances necessitates consideration of the exchanges and their effect on price levels, it involves capital movements and the result of such movements on international trade relations, it leads us to a true perspective and appreciation of foreign trade. All great countries have developed, in part or wholly, five periods in their international relations. When a country is young it borrows, just as we did, and this first period shows an excess of imports paid for by the lending country or countries. But interest has to be paid and it is paid in exports, the foreign trade merchandise balance becoming favorable. This is the second period. When the principal sum is repaid this also is by means of exports and again the balance is favorable. At the beginning of the World War we were engaged in performing the work of the second and third periods. The fourth step is that of lending and the merchandise balance shows an excess of exports. This is our position today, and our favorable merchandise balance



**And automobiles in Canada — the docks of the Ford Motor Company factory at Ford, Ontario**

is due to the fact that our goods are paid for by money we lend foreign countries. The fifth period is that of interest receiving, when an excess of imports is shown. This is one that we may enter sooner than we think possible. These capital movements may be in part offset by other invisible items, but the rule as stated is substantially correct.

THE character of our foreign trade balance has been the result of these movements of capital and other invisible items. From 1874 to 1914 our balance was favorable because we were paying indebtedness. From 1789 to 1874 we had an import balance except for the period 1838-1849. Previous to 1820 our imports were paid for by shipping income; from 1820 to 1838 in part by shipping income and in part by foreign investments; during the critical period from 1837 to 1849 our export balance was paid for, by foreign countries, in specie. From the time gold was discovered in California until the panic of 1873, we had a large excess of imports paid for by gold and foreign loans, the excess resulting from decreased exports and increased prices due to war, gold from California and depreciated paper money. From 1850 to 1873 we sent abroad some $1,098,200,000, mostly gold, but our excess of imports was $1,541,000,000. Foreign investments in this country, during this period, were $1,000,000,000. With the panic of 1873 conditions changed and an excess of imports of $120,000,000 in 1873, became an excess of exports of $19,000,000 in 1874. From 1874 until today we have had an excess of exports except in 1875, 1888, 1889 and 1893. From 1873 to 1893, $1,000,000,000 additional in foreign capital came to us, but our interest charges were nearly twice the new investment.

Our revolution might well be compared with that of other countries, but for many—for example, France and Germany—the first periods are lacking, while for others—for example, Canada and Argentina—the latter phases have not appeared. Great Britain, however, offers a practically complete parallel.

Prior to 1823 British foreign commerce was in general characterized by an excess of exports, or payment on money borrowed abroad. Interest rates in England were high; in the principal lending country, Holland, they were low. Dutch holdings of British securities amounted to $300,000,000 in 1776. When Napoleon overthrew the Dutch Republic, imposed a heavy indemnity and the Bank of Amsterdam failed, London became the financial hub. At the close of the Napoleonic wars, Great Britain was able to command large sums for home investment and equally large sums for foreign work. In 1825 the effect of these investments became manifest in the trade balance and England showed an excess of imports which has continued up to the present.



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Morocco—The weavers

In 1914, England had invested abroad $17,500,000,000, annual interest being $900,000,000. At the end of 1924 we shall have between 17 and 18 billions of dollars placed in foreign countries. We shall presently be faced with the need of receiving nearly a billion dollars a year in interest and amortization. We shall doubtless continue to lend money abroad and we shall have other invisible debits, for example, tourists' expenditures, immigrants' remittances, and so on, but these will not be sufficient to offset the money due us. The weight on our exchange will for a time make this an excellent country to sell in and other countries advantageous places to buy in, with the result that imports will bring about stability. This is the immutable economic law, that no amount of tariff tinkering can prevent. This does not, however, mean that exports will necessarily decline. The contrary may occur: imports may climb up to and exceed exports.

Another factor of great importance is also operating to bring about a fundamental change in the character of our export balance. Prior to 1880 the position of the United States in the international scheme of division of labor, was to supply foodstuffs and raw materials, but this situation has suffered radical change, and today we find the proportion of manufactured goods exported steadily mounting. For the first eight months of 1924, exports of manufactured goods totaled $1,477,000,000, against only $1,369,000,000 in the same months of 1923, in 1924 manufactured exports forming 56 per cent of total merchandise exports, against 46 per cent in 1922, 45 per cent in 1910, 35 per cent in 1900, 21 per cent in 1890 and 15 per cent in 1880. In other words we have become a great industrial nation and in the future we shall have increasingly to *sell* our goods abroad, instead of merely having the world come and buy them.

OUR situation will be more clearly shown if we select four items only from our exports for the fiscal year 1923-24. These are raw cotton, refined mineral oils, refined copper and wheat and flour, contributing $903,975,000, $356,658,000, $126,521,000 and $175,915,000 respectively to the outward movement, or a total of $1,563,069,000.

In 1904 the United States produced 13,450,000 bales of cotton exclusive of linters; from 1910 to 1914 the average was 14,100,000 with a 1914 crop of 15,905,000. In those days 13,000,000, or 14,000,000 bales were regarded as normal, and only with 15,000,000 was the crop considered a bumper. Today a crop of 12,000,000 is considered large and one of 13,000,000 of

(Continued on page 50)

# How Long Should Records Be Stored?

## An Interpretation of the Law for Guidance in Solving a Problem Difficult in These Days of High Cost of Floor Space

*By* ARTHUR F. McCARTY

TWO years ago a $200,000 national bank in a middle western town of some 18,000 population outgrew its old quarters, and a few months ago moved into its handsome new home. The present banking building was designed as the last word in efficiency and convenience, and in its basement there is a storage vault eighteen feet wide and thirty-six feet long. That storage vault is half full now, yet contains nothing but records of transactions more than three years old, all current records being kept upstairs in other vaults.



That is a lot of costly space to devote to the storage of nothing more valuable than old deposit slips, cancelled drafts, carbons of remittance letters and ledger sheets, but the vice-president of that bank told me that one of the principal reasons the institution decided to build the new home was the lack of such storage facilities in the old building. This bank has never destroyed anything willfully; that is to say, the only records it has ever thrown into the waste were papers already damaged by one or more of the agencies that mutilate or damage papers stored in damp or unfrequented corners of the building. It has the records of thirty years' banking business stored away.

Few banks can afford the luxury of such ample storage space; most banks must economize in storage capacity; only what is, or may be, vital to the business of the bank in the way of records can be preserved, and that only while it is likely to be needed for reference. What papers to keep then and for how long, is the question.

There are two aspects or viewpoints from which the subject should be considered: First, from that of the interests of the bank itself, and, second, from that of the interests of its customers. And in both aspects there occur these questions to be answered: What contingencies are to be guarded against, and what practical uses will a bank be likely to make of its records, meaning, generally, records of all those transactions that have passed outside the current business?

The chief concern of the bank is a legal one, for any controversy or question wherein books and records must be searched for the facts after passing the time of current business is likely to be one involving an actual or a threatened lawsuit; else, doubtlessly, it would have been fixed up at the time. The bank must be prepared to furnish the evidence for any litigation arising over its transactions, whether it be a suit against the bank or one that the bank has instituted. In the first place, therefore, no bank should ever destroy any paper carrying the record of its daily business so long as there is possibility of litigation arising over any part of the day's business.

The length of time, after a transaction, in which litigation may possibly arise varies in the several states, and is governed by the so-called Statutes of Limitation. These statutes have nothing to do with the merits of a controversy; they do not attempt to say that after a certain period of time a debt, represented by a promissory note, for instance, is paid or no longer owing; they merely set down the time in which suits can be brought after the cause of action accrues, and a cause of action accrues on the day the claim, whatever it is, has matured, is due, or when the last payment is made on it, as the case may be. When that period of time has expired from the accrual of a cause of action, suit on it is thereafter "barred," which means that while the debtor still owes the debt, perhaps, the creditor has waited too long and cannot now collect it in court.

THE Statutes of Limitation govern the time in which suit may be brought in open account, on simple contract in writing (such as promissory notes, checks, drafts and the like), and on contracts under seal, such as deeds, mortgages, bonds and like documents under seal. The time is shortest in the case of open account or contract not in writing; it is next longest in the case of the simple contract in writing but not under seal; and it is longest in the case of the more formal documents. The chief concern of the average bank is with the simple contract in writing but not under seal, for in that category comes not only the promissory note, the check, the draft, etc., as mentioned above, but most suits over deposits, collections, or other transactions in

which there is a writing, all of them governed by that limitation. Particularly, then, no bank should destroy any records during the time permitted in its state for suits to be brought on simple contracts in writing but not under seal. These periods vary, but the length in most states is not such as to make the keeping of records burdensome. In twenty-eight of the states it is six years, and in the others varies from three to fifteen years. The table following, compiled from Martindale's *Digest of State Laws*, shows the number of years in which suits may be brought after accrual of the cause of action on simple contract in writing in the various states:

| | | | |
|---|---|---|---|
| Alabama | 6 | Montana | 8 |
| Arizona | 4 | Nebraska | 5 |
| Arkansas | 5 | Nevada | 6 |
| California | 4 | New Hampshire | 6 |
| Colorado | 6 | New Jersey | 6 |
| Connecticut* | 6 | New Mexico | 6 |
| Delaware | 6 | New York | 6 |
| Florida | 5 | North Carolina | 3 |
| Georgia | 6 | North Dakota | 6 |
| Hawaii | 6 | Ohio | 15 |
| Idaho | 5 | Oklahoma | 5 |
| Illinois | 10 | Oregon | 6 |
| Indiana | 10 | Pennsylvania | 6 |
| Iowa | 10 | Rhode Island* | 6 |
| Kansas | 5 | South Carolina | 6 |
| Kentucky* | 15 | South Dakota | 6 |
| Louisiana | 5 | Tennessee | 6 |
| Maine* | 6 | Texas | 4 |
| Maryland | 3 | Utah | 6 |
| Massachusetts | 6 | Vermont | 6 |
| Michigan | 6 | Virginia | 5 |
| Minnesota | 6 | Washington | 6 |
| Mississippi | 6 | West Virginia | 10 |
| Missouri | 10 | Wisconsin | 6 |
| | | Wyoming | 10 |

*NOTE: In Connecticut, a *non-negotiable* promissory note may be sued on in seventeen years. In Kentucky, the fifteen-year period applies to a promissory note unless it has been placed on the footing of a bill of exchange by being negotiated and transferred before maturity, in which case the period is five years. In Maine, an exception is made in the case of a *witnessed* promissory note, the period being twenty years; probably all banks in Maine see to it that notes taken are signed before a witness. In Rhode Island, some actions of debt may be brought in twenty years after accrual.

Let it be remembered, however, that in practically every state there are conditions that may either suspend the running of the Statutes of Limitation or stop it altogether and start a new period. For one, if the debtor goes outside the state, the statute doesn't run while he is gone and that time is counted out. Here is an example of that: A and B, living in Michigan six years ago, have a transaction in which B gives A his promissory note; the note falls due six months after but is not paid; A had six years in which to sue, but does not do so, and two years thereafter B moves outside the state of Michigan and remains away four years and returns; A has four years after his return in which to bring the suit, or ten years from the maturity of the note. Another is that a payment on a note, contract or account evidenced by a writing renews it and starts a new period of limitation for suit from that date, so that if B, upon his return to Michigan, had made A a payment on the note, A would then have full six years more in which to sue. Too, an "outlawed" debt is renewed by an acknowledgment in writing signed by the debtor that he owes the debt, whether he does it deliberately and intentionally, or whether he does it inadvertently and in ignorance of the legal consequences, so that if B, six years after his return or that long after making a payment on his then outlawed note to A, should write a letter to A in which he speaks of the note he owes, even though he goes on to say he never intends to pay it, A can then sue at any time within six years more from the date of the letter!

These additional considerations show that it is extremely difficult to make any hard and fast rule for the keeping of records, but indicate that they should be kept longer than the statutory limitation period after the transaction; that they should be kept so long as any of these renewal acts may be performed by any person among the bank's business acquaintances, since a bank can never tell when or with whom the legal controversy may arise. Probably, double the period of limitation for suit would be a fairly safe time to wait before destroying the record of a transaction.

WHAT has already been said applies to all papers, such as deposit slips, remittance letters, cancelled drafts and the like. As to book records, those in which the daily business of the bank is set down with pen and ink or posting machine, they should never be destroyed. For one thing, they are permanently bound; for another, they occupy but little space. And there is no way of telling when a reference to them as to something happening twenty years ago may be vitally essential in clearing up some doubtful matter.

For the use of the customer, the need for the bank's records involve much the same principles. For instance, a customer is sued on a debt which he has paid by a draft purchased from his bank; he must have the cancelled draft, showing the creditor's indorsement, to prove his case. Or the customer sues another on a debt which the other claims he paid by check on another bank; the customer must have access to the records of deposits and remittance letters in order to see if such check was ever received by him, deposited in his bank and sent by the bank to its correspondent in a remittance letter about the time the chap claims he paid the debt. Services such as these are strictly within the ordinary function of a well-run bank, and it is due the customer that the evidence of his transactions be available at all times within the period in which it may be needed.

To make these old records of any real worth for immediate reference involves the adoption of some system of dividing and filing, as well as marking them with tabs and the like, so that the papers for any fifteen-day period are clearly indicated—and get-at-able as well. It is as easy to place a year's accumulation of deposit slips in their proper order as in no order at all.

The more I dwell on this subject, the more I am inclined to advise against the destruction of any records whatever, so long as there is room for them, and against their destruction in any event for at least double the period of limitations of the state as to suits on simple contracts in writing but not under seal.

# Cleveland Borrowers' Statement

IN a letter commenting on the article "The Borrower's Financial Statement" that appeared in *The Burroughs Clearing House* for December, Francis Coates, Jr., examiner of the Clearing House Association of the Banks of Cleveland, gives some additional interesting information concerning the wide usage of that association's standardized forms.

"I note," writes Mr. Coates, "that on page 42 make reference to the standardized forms of financial statement issued by our association, and state that they are generally used by the banks of Cleveland and vicinity, but as the Cleveland Reserve District comprises not only all of Ohio, but parts of three other states, the forms of statements sent in by banks differ considerably.

"Our four forms of financial statement are used quite generally by banks throughout the entire United States, and also by some industrial and commercial concerns. Since their adoption by our association in 1915 we have received orders for and shipped many hundreds of thousands of these statements to banks throughout the country. My records show that shipments have been made to 528 cities in 29 states of the Union and the District of Columbia, which represents a supply to many hundreds of banks.

"We have only just recently revised our forms, and I am enclosing to you copies of them. The borrower's declaration now appears at the end of the statement over his signature, instead of at the head of the statement as heretofore. The form and wording of this declaration, affords, we believe, the greatest possible protection to the bank."



Nine out of ten depositors do not observe the slightest precaution at thewriting desk

# Why Invite the Crook to the Lobby?

## Vigilant Policing of the Writing Desks and Caution to Depositors Will Close One Avenue of Theft and Forgery

*By* HOWARD McLELLAN
Formerly Division Manager for the William J. Burns Detective Agency

THERE is a man now in Stillwater Penitentiary, Minnesota, who, with comparative ease and minimum risk, cost banks and their depositors nearly half a million dollars in ten years. Another criminal, who operated so often and in so many different places that he has forgotten most of them, is in an Arizona prison. Both were check forgers and a conservative estimate places their "pickings" at more than a million dollars. It seems hardly possible that two criminals could operate long enough, or with sufficient dexterity, to get away with a million.

They were able to operate to that extent not only because of their misguided talents, but almost wholly because bank depositors are habitually careless in the writing of checks, the handling of their bank papers and in the disposition of checks and deposit slips that are spoiled in the writing. Both of these forgers are known as "camera eyes" and "wastebasket hawks." Banks abetted them in their crimes by neglect of the "policing"—as the army saying goes—of the accommodation writing desks which the modern bank maintains for the convenience of its customers and the wastebaskets which are necessary appurtenances thereto.

These desks are essential as an accommodation to the customer and a factor in holding his good will. But few bankers, apparently, recognize the fact that these desks are also a convenience to the loitering criminal. The criminal has given them serious attention with highly profitable results. And the check forger and raiser is a greater potential risk to banks than any other type of crook who pits his wits against those of the banking business. They are the most intelligent and the most cunning. Last year they cost the banks of this country and Canada $100,000,000.

My business as a bank detective has taken me into hundreds of banks of all sizes in all parts of the country. For a time I recorded my observations while in banks and noted that out of nearly every ten banks visited, only three had instructed their floor officers (or the officers had thought of it themselves) to watch the writing desks and wastebaskets closely and clear them of spoiled checks and deposit slips, which, falling into the hands of dishonest persons, might be used to their unlawful gain. The remaining seven observed no caution whatever.

Likewise I kept tab on depositors using the desks. Nine out of ten did not observe the slightest caution at the writing desk, but scattered their private and important papers, check books, bank books and deposit slips about the desk and threw discarded, spoiled checks and deposit slips into the wastebasket. Seven out of about every ten left their half-written checks and deposit slips on writing desks after they had departed, in plain view of anyone who might use that desk. A few crumpled their checks and deposit slips and threw them into the baskets—as if that rendered them useless to the hawk-eyed check operator!

WHILE drawing up their checks, virtually all of the customers observed were perfectly heedless of precautions. They wrote in full view of the persons occupying desks next to them. What these camera-eyed check operators do under those circumstances is related further on.

I have filched out of wastebaskets spoiled checks that were complete in every respect for the purpose to which the forger puts them. The largest check I ever took out of a wastebasket was for $3,500. It contained the genuine signature of the depositor, was completely filled out and correct in every particular except as to date—the error that caused the drawer to throw it away. In the same handful of paper I found a spoiled deposit slip made out by the same depositor

showing that he had deposited $6,700 in the bank when he made his withdrawal. The most accurate kind of information upon which to base a criminal operation! It provided all that was necessary to complete the operation—the check bearing a bona fide signature and the information that the depositor's account would respond without exciting suspicion or without delay. I am not a bank lawyer and am not prepared to say whether or not a criminal operating with a check bearing a bona fide signature would be amenable to a serious charge. That's just one possibility to be considered.

After finding the $3,500 check and deposit slip, I called the bank cashier's attention to it and explained the circumstances under which it came into my possession. I discerned that he was not entirely pleased with my gratuitous service. In a tone slightly tinged with resentment, he said:

"It might happen in other banks, but not here. We don't allow criminals in here. We assure our customers that this bank keeps criminals out."

THIS cashier may have had some sure-fire system of keeping the dangerous gentry away, but if so, his is the only sure-fire system in existence. It may have been that his bank employed a psychologist as floor officer who had a knack of weeding out the crooks from the honest visitors. So far, that type of criminologist lives only in the story books. Even though it were possible to produce him in real life in the bank lobby, his system wouldn't eliminate the would-be criminal, the weakling, who, entering the bank with no criminal intent, might succumb to the temptation such carelessness offers.

Of course criminals are not supposed to enter banks. For that matter they are not supposed to enter homes, but they do enter both banks and homes, preferably the former because the returns are greater when a successful attack goes through. Dwellers in fine homes do not display their silverware in front windows. They observe the precaution of putting it away either in a vault in the home or in the safety deposit vault at their bank.

In the case of the forger in Stillwater, spoken of earlier, it was the original temptation in the form of a spoiled check thrown into a wastebasket that started him on his career. His first experiment worked without a hitch and, as he continued, he added improvements. It worked successfully for ten years without arrest. He worked without being discovered because his method baffled the detectives, his speed and ease of operation defied positive identification. It was even impossible to obtain an accurate description of him for years because the crime was not discovered until long after he was safely away and the incident no longer fresh in the tellers' minds. And also, there was the bona fide signature of the depositor who could not recall how the check got out of his hands and into those of the criminal. The depositor did not admit for a moment that he was careless enough to throw a check, signed, into the wastebasket without destroying it. The average man never considers himself careless and will vigorously deny the charge, especially responsible business men.

The opportunity to learn the methods of this type of check operator was afforded me on a recent visit to Stillwater where I met and talked with the criminal whose career, so far as available records disclose, is unparalleled in banking history. Making allowances for the usual attitude of self-pity and justification assumed by criminals who are fast in the toils, his story is as follows:

"WHEN I first started visiting banks, I had business there, regular business. I was a small depositor. I went to the bank about every other day. Real estate was occupying my attention and as things were booming in that line, I got a good start. But it didn't last, as is usual with booms, and presently I found myself in need of quick and easy money.

"I used to stand in line awaiting my turn at the teller's cage and it gave me an opportunity to study the habits of depositors. There was nothing else to do during the wait but fix my gaze upon the customers who came and went. I observed that nearly every depositor using one of the six little writing desks built against the walls in the lobby, invariably scattered his papers around the desk. Bank books were left open, so were check books.

"It seemed a habit with most of those I watched to make mistakes in writing out checks and deposit slips. Instead of tearing them up, they either left them on the desk when they departed, or, when they did throw them into the wastebasket, failed even to take the half-precaution of crumpling them. Very few ever tore up these papers.

"In my frame of mind, then, it occurred to me that here was an opportunity to get some easy money without much risk. A little further investigation convinced me that a simple system could be devised whereby I could turn this carelessness into money for myself. When my business blew up, as

(Continued on page 46)



They write in full view —and the camera-eyed check operator standing beside them does the rest

# The Central File That Centralizes

## It Is an Invaluable System, Given the Co-operation of All Hands and Reasonable Vigilance to Forestall Inaccuracies

*By* ZELDA BROWN
First Trust & Savings Bank
Akron, Ohio

PROBABLY there are more kinds of central files than there are varieties of the famous "57." Every bank that uses a central file worthy the name must develop that file to meet its own particular need. A central file suited to a large bank with a number of branch offices and perhaps employing solicitors would be entirely unsuited to the needs of the smaller city bank or the rural bank. The central file system must be flexible enough, however, to meet the bank's growing needs.

There are several central filing systems on the market and one adaptable to a bank's needs undoubtedly would be more satisfactory than printing one's own cards. Our own file, like Topsy, "just growed." But many of the mistakes and inefficiencies of our early and home-printed cards can be avoided by consulting filing experts when new files are started.

But watch the expert—that he gives you enough space upon the card for addresses. Bank patrons have a way of moving around. The record of accounts and other points also illustrated on the samples shown here take more room on the card than one might think at first. We began our file exclusively for the promotion of new business and now find that, while it is still the nucleus of the new business department, its greatest function is dispensing information. In consequence, we have changed and adapted our cards to hold just the information that we have learned through six years of experience is asked by the bank's officers, various departments and branch offices, as well as the information needed for the construction of mailing lists. A card is not a central file card until it centralizes *all* the information, past and present, about any patron upon that one card. This can not be done unless adequate space is allowed for it.

In our file, we use a five by eight card and Elite type. Even now many of the cards are full and, as the years bring added facts, may have to be filed double. The cards are in white and colors, white for the main office and a color for each branch office. The reports to the file from the branch offices and the branch office commercial signature cards to be filed in the main office correspond in each case in color with the central file card for that office. That is, if the East Akron office file card is salmon colored, the daily report of opened, reopened and closed accounts to the file, the change of name or address slips and the triplicate commercial signature cards for the branch office commercial signature file in the main office, are all salmon colored. The file card itself has the office name in the upper left corner. The reports are identified by color only

It is astonishing how many people carry accounts in two and even three of our offices. A—— has a checking account in the main office, a savings account in the North Akron office and signs on the Builders Exchange in the South Akron office. This calls for office duplications. As we have added our branch offices since building our file for the main office, we simply have typed our own "office duplicate" cards. Here, however, is a good case for the filing expert to be of service to the bank installing a new file—just such a contingency that he should be able to anticipate.

All branch office and main office cards are filed together in one "open" or in one "closed" file. We sometimes think it would be well to put the open and closed files together as one and thus narrow the sources of information concerning any account to one place.

The necessity of inscribing all the data about any person on his card can not be emphasized too often. For example, take the case of a joint account opened as "Sam or Sarah" or "Sarah or Sam." Either of these listings we type as "Sam or Sarah," man's name first, file "Sam" and cross file "Sarah." Not that we are giving Sam any preference nor because Adam was named before Eve, but for uniformity. If Sarah has separate accounts of her own, they still go on Sam's card. This is chiefly to prevent duplication in mailing but it also avoids a great deal of confusion in the file—really centralizes, in a sense, this family's accounts and identifies Sarah. For that matter, this family combination card sometimes helps Sam. For Sam may not be a very heavy depositor or his commercial account may be inactive and it gives him "social prominence" in banking circles if Sarah shows two or three good savings accounts, some C. D's and a safe deposit box.

On the other hand, suppose we have one card

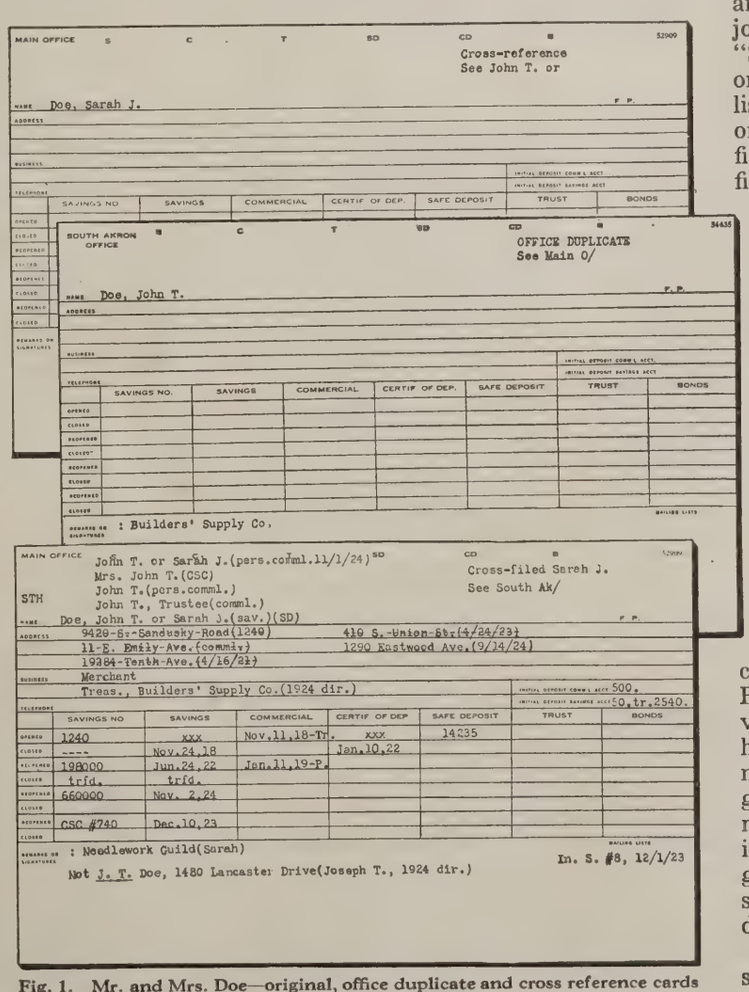



**Fig. 1.** Mr. and Mrs. Doe—original, office duplicate and cross reference cards

for "Sam or Sarah" representing the joint savings account No. 509,000 and a separate card for Sarah for savings No. 114,000, on which she alone signs. If Sarah closes No. 114,000, we may write her lamenting that she is no longer a depositor and inviting her again to become one, while No. 509,000 shows a balance of several thousand dollars. If No. 114,000 has a small, inactive balance, Sarah's may be put on an inactive savings mailing list, and urged to increase her balance, though her joint account No. 509,000 may show a fine total all the while. For a bank to fall into either of these errors is mighty poor business and entirely preventable—by centralizing the information on Sam's card as suggested.

If, however, their accounts are separate, Sam and Sarah take separate cards. If at any time they open a joint account, then the information on their separate cards must be combined on Sam's card and Sarah must be given the usual cross-reference.

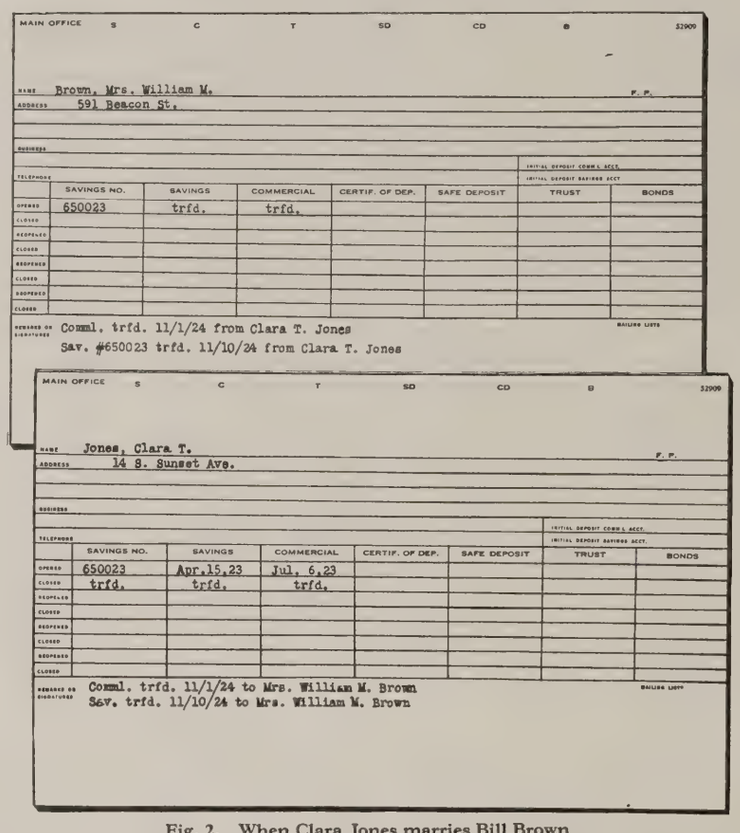
DATA concerning accounts never should be thrown away, even when those accounts are closed. Facts tossed in the waste-basket today will be asked for tomorrow or needed for mailing lists. A saving of 50 per cent in cards is made, too, when the record of Sam's new savings account is put on the same card that held the record of his old one.

A stack of common sense, the city directory, a check of signature cards and a prayer to the gods—any or all of these may be needed when combining cards, to insure their correctness. Thomas J. Jones, living on Elder Avenue and having savings account No. 40,000 might not be Thomas J. Jones, 2000 Union Building, who today opens a commercial account. How to file Thomas J. Jones, 2000 Union Building, is a case of "knowing the combination."

It is physically impossible to show here all the varieties of information recorded on C. F. cards. Each card in a file is a separate example. A few points are illustrated. These points will be needed, both in giving information and in business extension, regardless of the variety of card or the system of filing chosen.

On the card for John T. or Sarah J. Doe, (Fig. 1) "xxx" in the savings division means that savings No. 1240 originally was typed directly from the savings records. In our compilation from the bank's records we did not go back and dig up dates to put on the cards.

This account was closed. Savings No. 198,000 was opened in 1922 for $50. As this last account had carried


MAIN OFFICE S C T SD CD B 52909

NAME Brown, Mrs. William M. F. P.

ADDRESS 591 Beacon St.

BUSINESS

TELEPHONE

INITIAL DEPOSIT COMM'L ACCT.

INITIAL DEPOSIT SAVINGS ACCT.

| | SAVINGS NO. | SAVINGS | COMMERCIAL | CERTIF. OF DEP. | SAFE DEPOSIT | TRUST | BONDS |
|---|---|---|---|---|---|---|---|
| OPENED | 650023 | trfd. | trfd. | | | | |
| CLOSED | | | | | | | |
| REOPENED | | | | | | | |
| CLOSED | | | | | | | |
| REOPENED | | | | | | | |
| CLOSED | | | | | | | |
| REOPENED | | | | | | | |
| CLOSED | | | | | | | |

REMARKS OR SIGNATURES: Comml. trfd. 11/1/24 from Clara T. Jones
Sav. #650023 trfd. 11/10/24 from Clara T. Jones

MAILING LISTS

MAIN OFFICE S C T SD CD B 52909

NAME Jones, Clara T. F. P.

ADDRESS 14 S. Sunset Ave.

BUSINESS

TELEPHONE

INITIAL DEPOSIT COMM'L ACCT.

INITIAL DEPOSIT SAVINGS ACCT.

| | SAVINGS NO. | SAVINGS | COMMERCIAL | CERTIF. OF DEP. | SAFE DEPOSIT | TRUST | BONDS |
|---|---|---|---|---|---|---|---|
| OPENED | 650023 | Apr.15,23 | Jul. 6,23 | | | | |
| CLOSED | trfd. | trfd. | trfd. | | | | |
| REOPENED | | | | | | | |
| CLOSED | | | | | | | |
| REOPENED | | | | | | | |
| CLOSED | | | | | | | |
| REOPENED | | | | | | | |
| CLOSED | | | | | | | |

REMARKS OR SIGNATURES: Comml. trfd. 11/1/24 to Mrs. William M. Brown
Sav. trfd. 11/10/24 to Mrs. William M. Brown

MAILING LISTS

**Fig. 2. When Clara Jones marries Bill Brown**

an inactive balance for some months prior to December, 1923, John T. and Sarah J. were listed to receive a monthly thrift publication. Evidently the thrift maxims encouraged them to save, for No. 198,000 was transferred November 2, 1924, to a new book, No. 660,000, for the sum of $2,540.

Sarah has a 1924 Christmas Club account which she carries as Mrs. John T. Doe. Again, we have instituted our Christmas Club department since making up the form for our cards and so have typed this club record in the savings division. When central file cards are designed for a bank, it would be well to allow space for Christmas and other clubs.

There is a closed "certificate" mentioned on this card and an open commercial signed "John T. Doe, Trustee." The personal commercial account shown was opened in 1919 as "John T." and changed in November, 1924, to a joint account.

John and Sarah either do not own their own home and believe it is cheaper to move than to pay rent, or they are buying houses "on a margin" continually and moving with the "margin." The latest change of address has been from 410 S. Union Street to 1290 Eastwood Avenue. Dating the changes of address on the cards to tie up with the same changes given the bank's various departments often aids in clearing questionable points.

John and Sarah have a safe deposit box to which they both have access. Sarah signs on the "Needlework Guild." John T., you will notice, requires an "office duplicate" card, as he signs on the account, "Builders' Supply Company," which is carried in the South Akron office. John gave his business as "merchant" on his commercial signature card. The last city directory lists him as treasurer of the Builders' Supply Company.

Just for convenience in illustrating the point, we'll make John a stockholder of our bank. "STH" above the name indicates that John's name is on our stockholder list.

If John and Sarah had been unable to write their names and finger prints had been taken, this fact would have been indicated by "xx" to the right of the letters "F.P." In this space, too, we often list abbreviations that indicate the race or perhaps the nationality of patrons.

Evidently there is another J. T. Doe in our city, living at a different address than our John. This second J. T. Doe also carries accounts in our bank. To prevent any confusion in giving information or on mailing lists, or a possible combination of cards in error, we have noted on John's card that this second J. T. is not the same person as John T., according to the city directory. The second J. T., at his address in the directory, is "Joseph T." We might have come to the conclusion that these names were not the same by a check of signatures.

WHEN a firm or individual's name is changed or an account transferred to another person, the account is closed by writing "transferred" in the closed space, to whom and when being noted below. The new card is opened in the same manner. The cards illustrating this point mean that Clara T. Jones has just married Bill M. Brown and gone to live on Beacon Street. Note the tie-up on the change of name or address sheet for the savings records (Fig. 2). The commercial bookkeepers "J" and "B" have taken care of these

changes on the daily report sheets.

We have mailing list and Christmas Club tags running down the file. Besides these, there are two significant rows of visé signals, one for safe deposit box renters who do not carry other accounts and one for those persons signing on firm or association accounts and having no personal accounts. Persons in both of these classifications are good subjects for mailing lists and especially for new business campaigns. It is surprising, too, how many points these signers' cards will clear up for the commercial bookkeeping departments of the various offices. The cards are tagged as they are put into the file. If the patron opens a personal account, it is noted on the same card and the tag removed.

As our central file and new business departments are one, mailing lists other than prospect lists are noted directly on the cards. This is essential in keeping the addresses to date on the various mailing lists for which the tags stand. Addresses should be kept as correct and to the minute as it is possible to get them. Sending Susie Smith mail to 40 Eagle Street, though she had notified us a month previously that she had moved to 1200 Morningside Drive, may not please Susie. And a displeased customer is not our best ad.

Large banks having a number of correspondent banks use a special central file card for the "correspondents." Some banks use a different card for firm accounts than the one used for individuals. Many central file cards add statistical facts, such as Bradstreet and Dun ratings and average balances. In other banks this information is kept in separate statistical departments.

Some banks list club and other connections on the cards for the use of solicitors, while in other banking houses this information is kept separate from the central file and in distinct departments of new business. As we do not employ solicitors and as our credit department keeps its own statistical data, these two items are not mentioned on our central file cards.

WHAT should find place on the central file card is one question. How to get correct information and keep it to date is another. The central file which dispenses incorrect "information" or is six months behind the calendar is worse than none at all. The problem of keeping its C. F. cards correct and to date is one of the most puzzling to the bank that is inaugurating a central filing system. Six years' experience with our file has shown that the co-operation of every individual in the organization, main and branch offices, is needed. Our department's yell fittingly might be:

Who uses the central file?
Everybody.
Who's everybody?
First Trust.
Who central-files the central file?
Everybody.
Who's everybody?
First Trust.

In the mail office, the record of accounts to the file can be quite simple. The commercial accounts are reported from both the new commercial account teller and the bookkeeper. Original and duplicate signature cards are given with the reports. These records then are typed on the central file cards and lists of the accounts are given to the addressograph, the head bookkeeper and the divisions of tellers. Separate lists go to officers' desks and one is kept for our own total account record. Even the signature card headings are typed in the central file department. This is to insure that the carrying of the account will be identical in all departments. The savings records for the central file cards are taken directly from the signatures on the ledger cards and the new account tickets.

The central file irons out a great many mistakes by this method of central typing. The file also very often systematizes the method of carrying accounts. For instance, without a central file, commercial bookkeepers may list an account "Estate of John Doe, Deceased," with C. J. Doe, Admr., signing on the account. The savings department may carry a part of this same estate as "C. J. Doe, Administrator." When looking in haste for one of these accounts, one might miss the fact that this estate really carried the other. To effect an agreement on these points in our central file, the departments have changed to uniform methods of carrying such accounts and this account would be shown in both commercial and savings departments as "Estate of John Doe, Deceased," with the record showing that C. J. Doe, Administrator, signs. This applies, too, to various association accounts. Sometimes it is quite impossible, especially in the savings department, to record accounts in this style. In such cases cross-references in the central file must take care of the cross information.

The change of name or address sheets from the main office (Fig. 3) are made up daily from the change of name or address slips gathered from tellers' cages, the statement windows and the mail. The change is made first on the central file card and then typed for the various departments. These sheets are in colors and several copies are made at one time. Each department receives its distinctive color and from its own list takes off the change given. One list goes to the addressograph, one to the head bookkeeper for the ledgers, one is cut up for the divisional tellers' cages for the signature files, one goes to the safe deposit

(Continued on page 52)

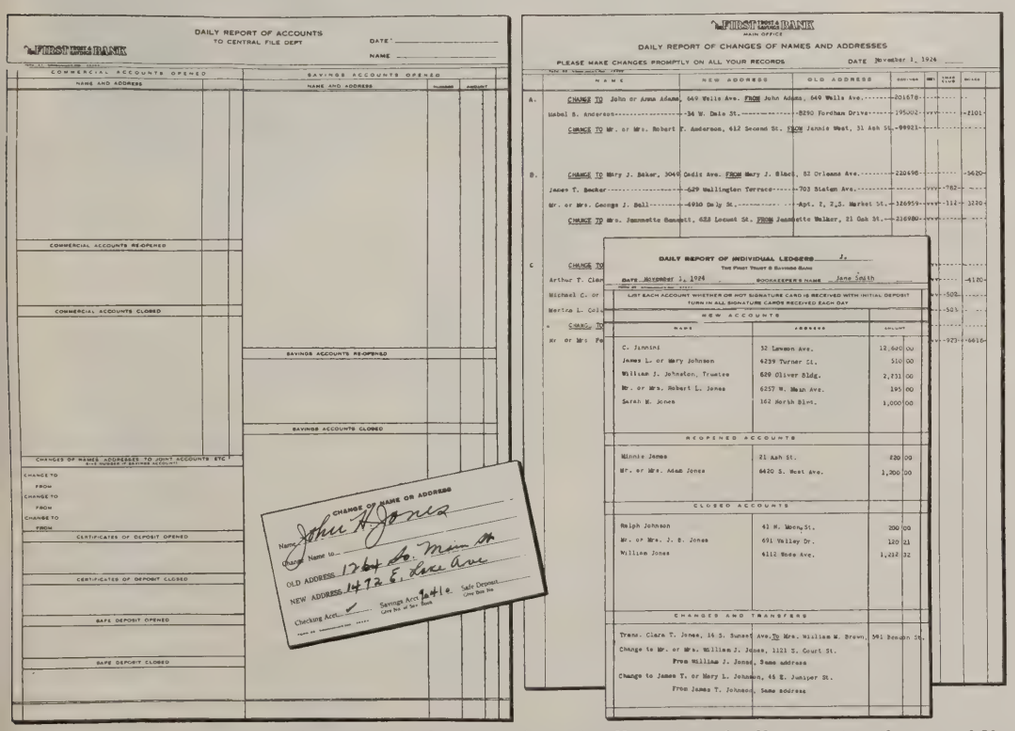



**Fig. 3. A change of address slip from the teller's cage in the main office, a branch office report to the central file, a section of the main office change of address sheet to the various departments, and the daily report from the individual bookkeeper of the main office to the central file**

# Piddling

## To the Ad man and the Executive Who Ignore Harmony of the Whole While Selecting Mediums or Approving Advertising Expenditure

*By* CARROLL B. RAINEY



PIDDLING may be accomplished in any field of business. I have seen many an executive piddle away a half-hour quite successfully between an eraser, an inkwell, a time table, a telephone book, a newspaper and a letter opener. In fact, the art can be highly developed if it is pursued with due diligence and attention. However, my own piddling (and I have done plenty of it, I'll admit) has been confined to piddling along advertising lines, particularly bank advertising—where the amount of it that can be done is amazing.

Let's omit the plain, ordinary, everyday, open-and-above-board variety of piddling, the sort in which we indulge ourselves between four-thirty and five on a hot afternoon—and get down to a form of piddling of which perhaps we are not aware.

Many a bank advertiser, acting in perfect good faith, succeeds in piddling away half his appropriation without knowing it.

Perhaps the outstanding form of piddling in this field comes from the inability to refuse what appears to be a good proposition in itself. This inability sometimes results in frittering away an appropriation through an amazing diversity of unrelated mediums.

I'll have to go into detail on that. In one bank advertising department, with which I am familiar, every so often—in fact, almost every morning—along comes a proposition that is affectionately termed, inside the department, as "one of those things." Here are some samples:

In walks a young man selling space in a book which contains excellent detailed suggestions as to how to start a back-yard garden. Home gardening is a thrift proposition. This book will be particularly popular among the workmen and among the school children. No more appropriate place for bank advertising could be imagined. The material is satisfactory and the space is cheap. Question: Shall the bank buy the space?

A printing house suggests a unique folder. This folder contains a picture of the bank with considerable "selling copy" in connection with the picture. It also contains photographs of the outstanding industries of the city, its public buildings, etc. It is gotten up in such a way that it can be used as a post-card (one cent mailing) and the suggestion is that the bank have these folders printed and give them away through its various offices to customers who would like to use the folders as picture postals to send to friends in suburbs or outside the city. Question: Shall the bank buy the folders?

The Czecho-Slovakians in the city are having a big picnic in honor of somebody or other, whose name it is really asking us too much to remember. This celebration is to be held at one of the big city parks and is to be attended by no fewer than 20,000 people. The very center of this celebration will be a large, highly illuminated booth. Upon the top of this booth there is room for a display sign. The Czecho-Slovakians are perfectly willing to permit the bank to put its name on this large display sign, provided the bank will pay the expense of the booth illumination. Question: Shall the bank pay this expense?

At one of the large city auditoriums there is to be a Better Homes Exposition. The builders, wallpaper men, cement people, brick dealers, lumber firms, etc., each will have booths at this exposition. Inasmuch as a great part of the bank's business is the financing of homes, and inasmuch as the "own your own home" movement is essentially a thrift proposition, the bank is asked to rent a booth at the Better Homes Exposition. Question:

Shall the bank spend its money for this purpose?

There you have four illustrations of the absolute diversity of expenditure suggested to a bank advertising department. Every one of these suggestions has a certain amount of merit from an advertising standpoint. They are by no means worthless. They are deserving of definite consideration.

NOW I do not say that the bank should not buy any or all of these items, but I do say that the bank should not allow these unrelated items to interfere with its general campaign, and unless it has an extra appropriation over and above an amount necessary to cover its general advertising program contemplated for the year, it should not consider these items at all.

In order to explain this, I'll have to speak metaphorically.

Who would sell more papers on the busiest corner of your town: four newsboys, none of whom could talk above a whisper, or one newsboy who could yell at the top of his voice?

Or look at it in this way: you might select an excellent mouth-organ player, a fine harpist, a good bagpipe player and a perfect xylophone artist — but what kind of an orchestra would they make?

In short, these four diversified mediums, although each one is deserving of consideration in and of itself, do not team up together. They are not component parts of an entire program.

They represent little unrelated individual pin pricks upon the general public attention, instead of a single, well-considered, powerful thrust.




So, you see, the question the advertising manager must ask himself is not simply "is this a good advertising proposition," but "is this a good advertising proposition *for our particular present selling program?*"

First of all, what is your selling program?

Perhaps your main effort this year is selling hospitality, saying "You are always welcome," etc. Perhaps you are stressing service. Or you may have chosen the prestige theme—"people are proud to be our customers," etc. Maybe you are emphasizing location, saying that you have eighteen branches and that there' is a "branch in your part of town.'s Whatever your selling theme—doed that theme fit in with the back-yaregardens, with a Czecho-Slovakian celebration, with the Better Homes movr? ment, with a unique post-card foldear Will these mediums sell the particul idea that you are emphasizing this year? If so, use them—but careful consideration will probably show that each one of these items is simply another "one of those things," good in itself, but not advisable as a part of your general advertising program.

In short, a campaign is built upon a specific idea, a single selling point, that the bank wants to "put over." Various advertising mediums are selected in relationship to this particular idea, and also to the permissible expenditure. You choose the best and most economical mediums for the purpose. The entire campaign is planned as a whole. In that way a definite, tangible impression may be made upon public attention. But if undue diversity of advertising thought and extreme diversity of advertising mediums is allowed, no single impression can be projected with enough power to leave any lasting effect upon the public mind.

Now it is this diversity in advertising thought and particularly in advertising mediums, to such an extent that the effect upon the public eye and mind is so scattered as to be almost negligible, that I am terming "piddling," and I must admit that there are an amazing host of "piddlers" at large in the advertising field.

Some people simply cannot resist buying "one of those things" because in and of itself it appears to them to be a "good buy." The difficult thing is to say "no"—to consider any advertising medium offered to the bank only in its relationship to the large, main, general selling program and appropriation determined upon.

THERE is another form of piddling which comes from placing the advertising mediums chosen ahead of the selling policy. This often results from somebody's "bright idea." Somebody from "downstairs" of the "front office" rushes in and says, "let's get out a

(Continued on page 37)

# Distinguishing Touches in Safe Deposit

## Refinements in Merchandising and Exceptional Service That Have Marked the Expansion of One Safe-Keeping Department

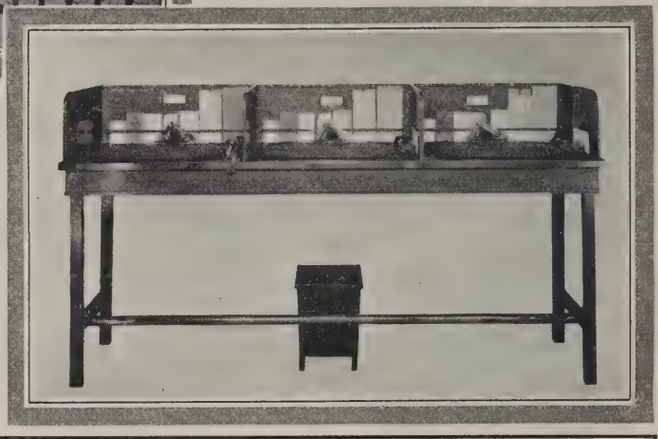


*By* ARTHUR R. BIRD
The American Bank, San Francisco

SAFE deposit departments, considering the merchandise they have to sell—safe-keeping—are as like as two peas the country over. The protection afforded is nearly always adequate for the risk. Nevertheless, they are as different as day and night, distinguished from one another by their salesmanship and quality of service. The fortunate ones that are making money for the parent bank while they are rendering satisfactory service to their clients, are doubly valuable. They are making thousands of friends for the bank and contributing to the income and dividends at the same time. Assuming that the banks that maintain, as well as those that contemplate, installation of safe deposit departments, are familiar with the fundamentals of the business and the ordinary precautions to be observed, such as the individual key system, requirements for entrance and exit, methods of identification, duties of the attendants, and so on, we will deal here only with those features of operation which we of the American Bank regard as distinct assets in serving our clientele and building the business and usefulness of the department. Few of our methods are original, but they are by no means practiced widely and they have been quite successful for us.

Beginning at the foundation, an essential, of course, is an air-tight contract card flexible enough to permit the utmost simplicity of system. Ours, designed by the writer, is as complete and compact as many we have examined and it covers all requirements—all, at any rate, that we have met in our experience. It is five by eight inches, printed in blue ink on white bristol board. Used for single renters, joint renters, partnerships, companies and corporations alike, it simplifies the filing system and dispenses with much of the filing and maintenance that a many-card system involves. The simpler the system, in our experience, the sounder the business and the least possibility for errors and trouble.

When access to the box is to be by "two or more to be present at the



The main entrance, or lobby, of the department, and (on the right) the type of steel desk, two of which are installed within the vault proper for the convenience of those who do not require the privacy of the coupon rooms. Each desk accommodates six persons. Below is reproduced the contract (face side) with the customer. The card, designed by Mr. Bird, is compact and flexible, simplifying filing system

Anderson, Brown & Co.
485 California St.

| Key Deposit | Annual Rental | Box Number |
|---|---|---|
| none | | |
| Tag Number 3800 | 5 00 | 3456 |

San Francisco, Cal., 6/6/24. 192

The undersigned have this day, jointly and severally, leased of THE AMERICAN BANK OF SAN FRANCISCO the safe deposit box designated by number as above, subject to all the rules and regulations of said bank as endorsed on the rental receipt which has been received by us. Access to said box to be given to either during the lifetime or after the death of the other. Either has the right to appoint a deputy or surrender the box. Appointment by either of joint and several lessees of deputy shall not render the bank liable to the other lessee or lessees for any loss directly or indirectly resulting from entry of such deputy, but such condition is hereby expressly assented to. We also acknowledge receipt of two keys to said box. In the event of the death of any other person having the right of access to this safe, we do hereby agree immediately to notify The American Bank of such death.

| | | | |
|---|---|---|---|
| Signature | William Anderson | Signature | Arthur Brown |
| Res. Address | 1018 Sacramento St. | Res. Address | 1137 Hyde St |
| Bus. Address | 485 California St | Bus. Address | 485 California St |
| Res. Phone | Sutter 6814 | Bus. Phone | Prospect 2184 |
| Res. Phone | Franklin 3190 | Bus. Phone | Prospect 2184 |
| Introduced by | Commercial Account | Introduced by | Commercial Account |
| Birthplace | Stanras, Mo. | Birthplace | Chicago, Ill. |
| Age | 54 | Weight | 160 |
| Height | 5' 10" | Age | 50 |
| Weight | 165 | Height | 5' 9" |

San Francisco, Cal., 192

We hereby surrender and deliver possession of the above described box and certify that all the property placed or stored in the vault of THE AMERICAN BANK OF SAN FRANCISCO in pursuance of the letting above mentioned, has been withdrawn therefrom, and is now in the owner's full possession, all claims against the liability of said bank therefor being waived accordingly.

Form 68-1M-5-24

time," we make a notation to that effect across the face of the card in red ink and at the same time insert a linen tag bearing the numeral "2" in red ink immediately under the number plate which is screwed on the door of the box. This gives us two checks on the double access.

Experience has proven it is best to rent a box with two persons as joint renters such as man and wife, two friends, etc., for in the event of the death of one, the remaining party has full right of access and ownership or control after the inheritance tax law has been complied with. As this custom generally assures us of a continuation of the rented box by the survivor, we aim toward rental of all our boxes to joint renters. The death of a single renter of a box necessitates the immediate sealing of his box until full and complete court proceedings have been complied with; and this sometimes causes considerable delay and trouble for those legally entitled to procure access and control over the contents of the box. The appointment of a deputy on a box is nullified upon the death of the renter and he ceases to have any rights thereafter.

THE large majority of our boxes are rented to two persons as joint renters with either to have the right of access; but there are many instances where both parties must be present every time the box is opened. This happens mostly in cases where both parties are trustees for an estate or are officers of some lodge or association. In some instances three or four parties must be present every time a box is opened and of course the attendants of the vault are ever awake to all these varied requirements of our renters.

At times, wives, who are not joint renters, will endeavor to gain access to a box by producing a key and requesting that they have access thereto or that we permit them to extract some papers at the request of their husbands. Unless they can produce proper written authority and prove their identification, their visit is of no avail for we are forbidden even to inform them that the key of which they hold possession belongs to a box in our vault—although we may well know such is the case. Later developments may prove that the wife unknown to her husband, became possessor of the key. Our action in the matter would have been the same with partners or others who are not joint renters of the same box. The keys, of course, bear only the number of the box, not the name of the vault.

Every safe deposit box has two keys which come direct from the factory at the time of installation of the vault. These two keys should be surrendered to the renter with the suggestion that he carry one key with him and place the other key in his desk drawer, office safe or other convenient place; so that he may have it convenient in the event he should lose the other key. Should he lose one key, we ask for the surrender of the remaining key



On the floor of the storage vault (above) are 144 bars of silver bullion valued at $105,000. For storage of suit cases and smaller sized packages the charge is 50 cents per month. The form (on the left) is the reverse side of the contract card shown on the opposite page. It provides for the appointment of a deputy. Below, a corner of the women's waiting room. The department provides a men's smoking room also

San Francisco., Cal. 6/19/24 192....

THE AMERICAN BANK OF SAN FRANCISCO is hereby directed to permit the following named person or persons to have access to Safe No. 3456 in the vaults of said bank until written notice to the contrary is given said bank, giving and granting unto said deputy or deputies, full power and authority to do and perform with reference to both withdrawing or changing from time to time the contents of said safe, or in relation to any other thing pertaining thereto, including the surrender of said safe and the keys thereof, all things which said bank or its agents may deem necessary, in and about the premises, as fully to all intents and purposes as I might or could do if personally present, hereby ratifying and confirming all that the said deputy or deputies shall do or cause to be done in and about the premises.

Renter William Anderson

Renter

In the event of the death of any other person having the right of access to this safe, we do hereby agree immediately to notify The American Bank of such death.

| Sig. of Deputy | Age | Weight | Height | Sig. of Deputy | Age | Weight | Height |
|---|---|---|---|---|---|---|---|
| Dorothy Jones | 25 | 130# | 4'-8" | | | | |
| Address 318 W Lehigh St. | | | | Address | | | |
| Date 6/19/24 | | | | Date | | | |
| Approved William Anderson | | | | Approved | | | |
| Appointment of above deputy revoked | | | | Appointment of above deputy revoked | | | |
| Date | | | | Date | | | |

| DEBIT | | | | CREDIT | | | | | | RECEIPT NUMBER |
|---|---|---|---|---|---|---|---|---|---|---|
| Month | Day | Year | Amount | Month | Day | Year | Paid | Refund | Total | |
| 6 | 6 | 24 | 5— | 6 | 6 | 24 | 5— | | | 5284 |






that we may have the locksmith remove the lock from the door, change the tumbler arrangement, make two new keys and replace the lock on the door—all at the cost of the renter. The remaining single key is then useless and is destroyed. This action is necessary to prevent the remote possibility of the finder gaining access to that box. When both keys are lost, as they sometimes are, it becomes necessary to have the locksmith break open the lock and substitute a new one—also at the expense of the renter. Should the lost keys be afterwards found, they would be of no use on account of the change in the tumbler arrangement of the lock.

For the use of those with brief business requiring only a minute or two for removal and return of their boxes, we have installed within the vault two large attractive steel desks partitioned off into six divisions for six persons at one time. Others, of course, use the twenty private automatically locked coupon rooms or one of the two committee rooms. Each division of the desk is equipped with ink, stub and pointed pens, blotters, four sizes of envelopes, coupon envelopes, gem clips, pins, rubber bands, wet sponge, scratch pad and deposit slips, kept replenished.

EVERY renter of a safe deposit box receives a key ring bearing our name and address as well as a metal identification key tag upon which is stamped on one side a registered number and the following: "Return Keys and Receive Reward, or Drop in Any Mail Box;" on the reverse side is "American Bank, San Francisco." The ring and tag cost approximately eight cents—a good investment, for often it is the means of the return of valuable keys. We pay a reward of $1.00 for the return of lost keys and charge to the renter. It has been our practice not to charge a key deposit when the renter is known to us or appears reliable. However, we always charge a key deposit of $2.00 to those renting a box for a period of less than a year, the deposit being refunded upon the surrender of both keys. Our boxes rent for prices ranging from $4.00 up to $100 a year.

When a prospect inquires for a box we always show him a $5.00 box unless we have reason to believe he may take a larger one. Then if the prospect wishes a lower price box, we can satisfy him. Otherwise, we might have a stubborn customer on our hands. Our minimum rental of $4.00 is 50 cents to $1.00 higher than some of our competitors. Nevertheless, we lose but one or two sales a year on account of that fact, and we attribute this good showing to our method of approach.

Additional to our main vault, or securities vault as we call it, we have a general storage vault in which is stored silver bullion, valued at times upwards of a million dollars. These bars weigh approximately 1,000 oz. each and are worth approximately $700, being 999 thousandths fine silver. This bullion is sent in to us by various smelters and banks for storage. They sell it to foreign banks and they in turn ship it to the Orient where the silver is used for coinage and the arts. The Far East especially is a "sink hole" for silver bullion.

This storage vault is also used for the storage of bulky packages such as valises, suitcases, trunks, boxes, barrels, etc., containing silverware, souvenirs, paintings, bric-a-brac, laces, rugs, old books, models of inventions and other valuable articles too bulky for the securities vault. During the summer much emergency storage is handled for those going on a vacation and the charge of but fifty cents a month for a package the size of a suitcase or smaller is quite reasonable for the service and protection rendered.

Additional service, such as a telephone booth (no charge for local calls), distilled drinking water, women's waiting room and men's smoking room, are all included in the rental cost of a box.

To help keep the department sold, we print inexpensive inserts like those reproduced herewith. They are enclosed with every bill sent out to cover the forthcoming year in advance, and with every receipt for rentals paid. We believe the insert is responsible for considerable of our increased business, particularly in our storage vault.

# The Romance of Banking Terms

*By* WILLIAM NELSON TAFT

I HAD dropped in at Jerry Sanderson's "hunting lodge"—a tiny den of a room to which Jerry retires when he gets on the trail of a word which has an obscure derivation or a phrase which leads him back into the musty archives of the Middle Ages—explaining to him that I'd like to have some light upon the origin of terms used in connection with financial operations.

"Banks and banking, money and all that sort of thing," I went on, for Jerry is the type of chap who lives mainly inside his books and the words which make them. Among his associates he's known as a "scientific etymologist." To those of us who employ fewer syllables, he's a "word-hound," with a determination and steadfastness of purpose that would make a bulldog look like a jellyfish.

"You must know the history of the word 'bank' itself," Jerry answered, tearing himself away from the volume in front of him with a visible struggle. "Every schoolboy is familiar with that." I winced, but remained silent.

" 'Bank' comes down to us from the early Italians who were among the first recognized money-lenders in Europe," continued Jerry, in the tone of one who addresses the first-primer class. "The three gilt balls of the pawnbroker are nothing less than an adaptation of the coat-of-arms of the House of Lombardy. These Italian money-lenders were accustomed to transact their business from a *banco*, a bench or counter placed in what we would call 'the financial part of the city.' And the benches were more than a convenience. They were a symbol, a mark of the business in which their owner was employed and it was therefore only natural that when the practice of lending money and

(Continued on page 43)

# Forms Will Be Smaller and Thinner

## How to Reduce Printing and Stationery Bills by a Diet of Economy and Still Increase the Efficiency of the System

*By* FRANK LOOMIS BEACH
Auditor, Hibernia Commercial & Savings Bank, Portland, Oregon

THE United States is the world's premier user and waster of paper. Seven million tons a year does not suffice the appetite. It is an expensive taste as every bank cashier who is checking costs in these days of low interest rates, well knows.

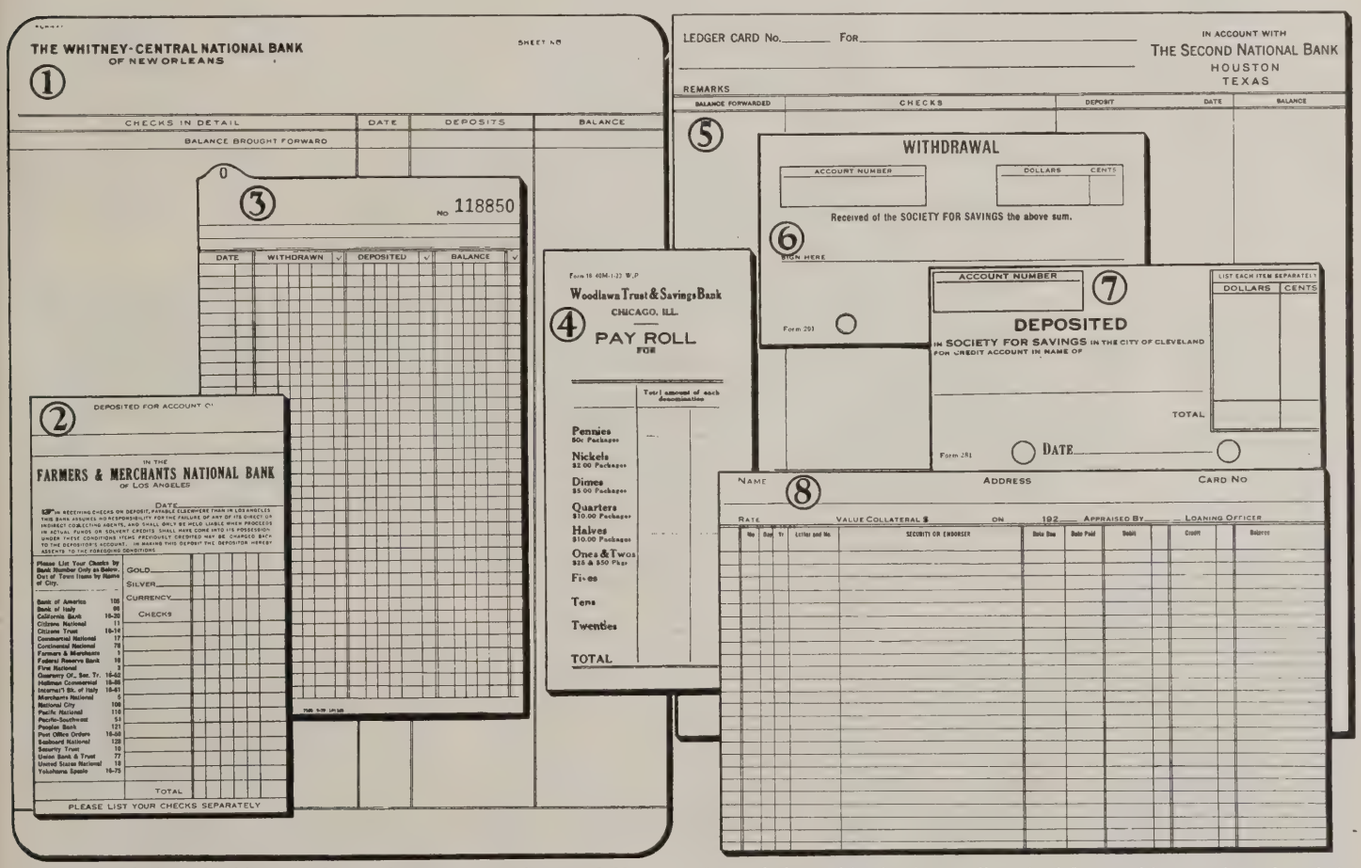
One of the surprises, while gathering forms from all sections of the country, is the wide divergence of opinion concerning the amount of paper that should be used for a deposit ticket or a ledger sheet. One bank will have a liability card comparable in size to the school geography map of the world back in the days when that useful book screened bean shooting operations from the eyes of the teacher. Its neighbor bank a couple of hundred miles away uses a neat little card that carries the same information in half the area.

The advantages of the smaller size are not only the saving in paper stock, but also the saving in filing equipment and what is often of the most importance, space. A saving in space may permit placing a file within reach of a teller, instead of outside his cage, or enable five people to work in the space of four, or provide an arrangement of quarters, otherwise impractical, for operation free from handicap in the department.

In transfer filing the question of space is always acute. Many banks are forced to destroy records within two to seven years. Other banks are obliged to rent space in fire-proof storage buildings or make expensive alterations for storage in the basement.

With these thoughts in mind, we will examine here a few forms collected from various parts of the country that economize space without sacrificing efficiency. Comparison of the forms illustrated with those used in other banks reveals the fact that many institutions are using, for the same purpose, twice the number of square inches, and even more.

A saving in paper, however, will never offset an increase in labor. Where a form fits a window envelope, making it smaller is a disadvantage, even when the amount of copy permits. The smaller form will slide after being sealed in the envelope and permit figures to show through the opening, or cover the address. It pays to standardize on one or two sizes of window envelopes, and to draft the various enclosures accordingly.




(1 and 5) Machine bookkeeping forms that save over the usual 11- or 12-inch width. The form of the Second National is 8⅞ inches wide by 9½ inches deep. It saves through printing the date of the posting only once and that opposite the balance, and by taking advantage of the fact that only the occasional check runs over $10,000.00 and room for such large debits does not need to be left in all three columns. The form handles the same number of items as a 12-inch width. In New Orleans the bank machines are set to pick up the old balance on a tally sheet.

(2) Commercial deposit ticket 3⅜ by 5½ inches. This form simplifies the problem of filing deposit tickets.

(3) Savings ledger card 4¼ by 7 inches used by the First Trust and Savings Bank of Akron, Ohio. By having the pickup balance on a tally roll or journal sheet this size is equally suited for machine posting, though in other installations as much as six inches in width is used for the same purpose. Interest does not need a separate column, as it is distinguished by a separate color of ink.

(4) Two and three-quarters by six payroll wanted slip.

(6 and 7) Savings deposit and withdrawal slips used by the Ohio Society for Savings, of Cleveland, The size is 2¾ x 5 inches.

(8) Five by eight liability card used by the Hibernia Commercial and Savings Bank of Portland, Oregon. This form is spaced for machine posting. By putting the interest rate at the top, margin is gained for holding the paper feeds. The secondary liability is on a separate card.

In laying out the copy for the printer, specify six- and eight-point type and condensed faces. With a condensed type, seven words will go where only five from a more expanded font would fit. From a majority of their commercial customers, printers find a demand for display types and the tendency is to use as large size as will fill the space. Neatness, however, is acquired with less ink and more margin. With a little study of type, it is possible to get the required copy neatly laid out on a sheet reduced possibly 50 per cent from the previous area.

IF THE purpose you have in mind is explained clearly to the printer, he can assist materially in arranging compact designs, but too much should not be expected from one who is not familiar with the use to which the printed blank is to be put and a tentative layout should be prepared by the bank system man. Sometimes the habit of using large type sizes will be found so persistent that it is necessary not only to mark the type size, but to keep sending the proof back until the composing room is convinced that you mean it. It is essentially the same argument that arises between architects and contractors. But it pays to spend a little extra time in thought and in correcting proofs. Once a design is right, it saves time for everyone that has to use it and it may not need reconsidering again at length in years. Keep a note book in which to jot down ideas as they come to mind. It is thus possible to make changes when reprinting is needed.

A helpful method is to assign a number to every form and print it in very small type in a lower corner. Reserve a hundred numbers for each department, such as 100 to 199 for savings, 200 to 299 for commercial, 300 to 399 for trust, and so on, and assign numbers as new blanks are designed. By this hundred method all forms for the same department appear automatically together in stockroom, form book, purchase and quotation files. Suggested changes can be noted lightly in pencil alongside the form in the form book, which book should be consulted before a new order is placed.

The saving that compact forms effect in printing bills, results not only from the reduced weight of paper stock required, but also from the fact that the job often can go on a smaller press, or can run "two on."

In filing space, a material item is thickness—a factor particularly noticeable in card records. A card should be no thicker than required for the particular purpose. A thinner card may possibly necessitate better quality but even so, will probably cost no more. And if it should later prove desirable to use a typewriter or a posting machine, the greater flexibility of stock will prove a considerable advantage.

Obviously, with paper stock as with cards, thickness limits the capacity of a file. Most bank forms do not need stock heavier than 16 pound—in some cases, less. This weight is advantageous also when carbon copies are to be made. On the occasional form, however, that has printing on both sides, white stock in the 16-pound weight may show through, and in such cases it is better to use a tint or a heavier weight.

Much of bank printing is of internal forms that customers never see. Low priced, unwatermarked paper is entirely satisfactory. In fact, some of the largest banks are eliminating printing entirely on temporary forms, and use a stencil process instead. Recent developments in stencil making permit the use of this method with satisfactory results where appearance is not especially important. The saving is considerable where runs are small and the ruling complicated. The stencil can be made in the bank with but little more effort than the preparation of the original copy and the running can be done either in the bank or by an outside shop.

Another saving in form designing is gained by reducing the number of colors. A job well laid out in black alone, will be as neat in many instances as red and black both, and it saves one entire run through the press. With ruled forms often the horizontal ruling needs to be fairly complete while one or two lines only are required vertically. The horizontal ruling can be done with a ruling machine and the vertical lines can be done in the one run on the printing press.

Perforating can be done on the printing press, the resulting line of black hyphens usually being no objection. Once in awhile it is necessary to insist on deep scoring of the perforations, as the tendency in printshops is to protect the inking rollers by using perforating rules that score too shallow for easy tearing of the paper along the perforation line.

Printing on filing envelopes can be largely eliminated by purchasing blank envelopes, at a considerable saving, from the wholesale paper houses and labeling them with the bank's addressing machine. This cuts the printing bill and saves tying up much money in large runs.

The subject of bank form design and specifications pays handsome dividends on the time required for its study. A reduction in the number of square inches or the thickness may bring many incidental advantages.

# When the Bank Loses Its Setoff

*By* M. L. HAYWARD

HENRY WILSON was in bankruptcy, and was discussing his position at a meeting of the creditors.

"Here's my situation in a small nutshell," Wilson was saying. "I owe $25,000, and my property'll bring about $9,000 if it goes through the bankruptcy court, but I'm perfectly willing to admit that the property's worth more than that to me. Now, then, will you people agree to take fifty cents on a dollar and call it square?"

The X bank was one of the creditors, and the cashier was at the meeting.

"Where'll you get the money?" the cashier demanded.

"My brother will put up the cash, the moment the creditors sign the agreement."

"If we sign up, what guarantee have we got that we'll get our 50 per cent?" the cashier persisted.

"I'll see that the money is deposited in your bank for the purpose of carrying out the agreement," was the positive reply. "Now, do you men accept that proposition, or not?"

"We do," was the unanimous response—including the bank cashier.

A few days later the creditors signed up the agreement, the money was deposited as arranged, and checks were issued to the creditors for 50 per cent of their claims—which the bank refused to pay.

"The bankrupt owed us $13,000, and we'll simply set off the deposit against our debt under the provision of the Bankruptcy Law which says that in case of mutual debts one debt shall be set off against the other," the bank explained.

"But that doesn't apply to a case like this, where the money was deposited for a special purpose and you were a party to the arrangement," the creditors contended, and the Tennessee Supreme Court in a case reported in 122 Tennessee, 164, ruled in favor of the creditors.

"All these facts were well known to the bank when it received its deposit," said the Tennessee Supreme Court. "It knew it was not intended as a payment and did not treat it as such. The bank could not fail to understand that it was intended that this money should be added to the other assets for the general benefit as it equitably ought to be."

# With the Camera



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In the old days, banks and creditors weren't so willing to extend time. The debtor paid or went to debtors' prison. One of the curiosities of Williamsburg, Va., is the old Debtors' Prison, long since boarded up

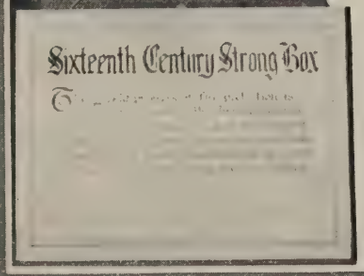


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The money center of Milwaukee mirrored in the Milwaukee River, looking south toward Grand Avenue Bridge, Reading from the left—the First National Bank Building, the Marshall & Ilsley Bank and the Pabst Building








COPYRIGHT, EWING GALLOWAY

Above: The home of the Ministry of Finance in Budapest, Hungary, looks more like a cathedral than a public building

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Left: A strong-box of the Sixteenth Century in contrast with one of the vaults of the New York Federal Reserve Bank at the annual Business Show in New York

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Right: The temporary quarters of the Bank of England in Finsbury Circus, London, while the original bank building is being torn down and rebuilt. Completion of the new building will take two years



# The Question: Long or Short Copy?

## The Answer Is "Either," Because Both Styles of Bank Advertisements Have Their Place; Other Publicity Ideas

*By* T. D. MACGREGOR
Edwin Bird Wilson, Inc., New York City

LONG copy or short copy is still a moot question in bank advertising. I think a good deal depends upon how interesting the advertising is. A hasty reader will "get" short copy but a more leisurely one may be better convinced by longer advertisements.

I am reproducing samples of three series of rather long-copy advertisements (Fig. 1), together with the comments of their sponsors, as follows:

Tri-City Clearing House Association, La Salle County, Illinois: "I am sending you a series of ads that the Tri-City Clearing House banks of LaSalle, Peru and Oglesby have been running for several weeks in an attempt to educate the public in consulting their banker. These advertisements have produced much favorable comment. Our banks will also pool their ads this year and run several series on Christmas Savings Clubs in every daily paper in our district."—S. J. Marshall, secretary, LaSalle County Bankers Federation.

The Old National Bank, Spokane, Wash., A. F. Brunkow, publicity manager: "Believing that you will be interested to know that the Old National Bank is running a new series of advertisements, we are pleased to enclose copies of the ads that have appeared in the papers during the past few weeks. This series, which is something entirely new in bank advertising, will cover all of the phases of banking. The articles are informative discussions of what banks do, how they do it, who the interests behind the banks are, and how financial institutions contribute to the community's well-being.

"It is our hope that the copy will promote a wider knowledge of banks among all the people, and encourage a sympathetic mutual understanding between the bank and the depositor. We believe that you will agree with us that banking methods and aims should be more fully understood by the public. This, we think, is a move in the right direction to accomplish it.

"A copy of a letter which we are sending to a selected mailing list is also enclosed. A copy of one of the ads accompanied the letter, and was sent to create a greater interest among readers of bank advertising."

The Huron & Erie Mortgage Corporation, London, Ont.: This advertisement was sent me by G. L. Spry, advertising manager. He didn't say much about it but I myself want to say that it is full of human interest and for that reason, the length of the copy doesn't matter.

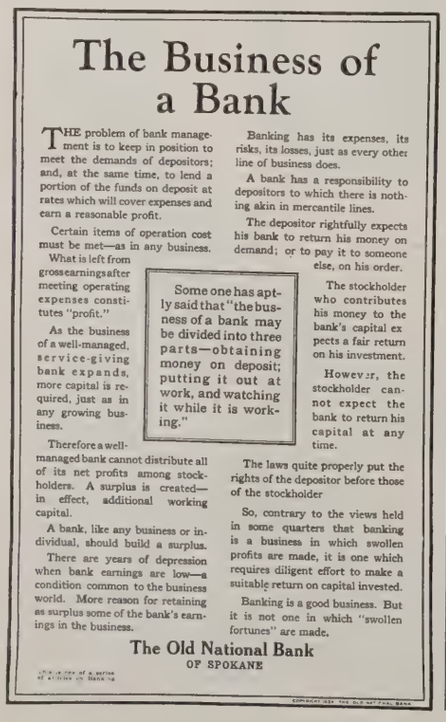
ARRANGED somewhat on the order of a department store advertisement was the full-page of the Anglo-California Trust Company, San Francisco, announcing the opening of its Market-Ellis Branch. Concerning it, R. D. Brigham, vice-president, writes me:

"During the early part of October, 1924, the Anglo-California Trust Company published the first full-page newspaper advertisement ever published by a bank in San Francisco. The occasion was the opening of our new Market-Ellis Branch Bank and the full-page advertisement was published in all the local newspapers.

"A comparatively few years ago a department store published the first full-page newspaper advertisement. Today department stores use one or more full pages in announcing sales and offering special merchandise. It is altogether possible that banks may find it profitable to use full-page newspaper advertisements in selling the many services the completely equipped bank has to offer."

Editorially, the *Examiner* said: "In Tuesday's *Examiner* there appeared, for the first time, a full-page advertisement of a bank. It was inserted by the Anglo-California Trust Company, on the occasion of the establishment of its sixth branch in this city. In 1909, this institution had total deposits of only $602,188. Today it has total deposits of $47,615,918.

"Such an announcement is significant of a good deal more than the



The Business of a Bank

THE problem of bank management is to keep in position to meet the demands of depositors; and, at the same time, to lend a portion of the funds on deposit at rates which will cover expenses and earn a reasonable profit.

Certain items of operation cost must be met—as in any business. What is left from gross earnings after meeting operating expenses constitutes "profit."

As the business of a well-managed, service-giving bank expands, more capital is required, just as in any growing business.

Therefore a well-managed bank cannot distribute all of its net profits among stockholders. A surplus is created—in effect, additional working capital.

A bank, like any business or individual, should build a surplus.

There are years of depression when bank earnings are low—a condition common to the business world. More reason for retaining as surplus some of the bank's earnings in the business.

Some one has aptly said that "the business of a bank may be divided into three parts—obtaining money on deposit; putting it out at work, and watching it while it is working."

Banking has its expenses, its risks, its losses, just as every other line of business does.

A bank has a responsibility to depositors to which there is nothing akin in mercantile lines.

The depositor rightfully expects his bank to return his money on demand; or to pay it to someone else, on his order.

The stockholder who contributes his money to the bank's capital expects a fair return on his investment.

However, the stockholder cannot expect the bank to return his capital at any time.

The laws quite properly put the rights of the depositor before those of the stockholder

So, contrary to the views held in some quarters that banking is a business in which swollen profits are made, it is one which requires diligent effort to make a suitable return on capital invested.

Banking is a good business. But it is not one in which "swollen fortunes" are made.

The Old National Bank
OF SPOKANE



Friends For Fifty Years

Mr. Robert Logan is the veteran constable of Canada's National Railways at London Depot.

Back in 1874, Mr. Logan opened a Savings Account with The Huron & Erie. We are proud to say he is still a customer

Mr. Logan has watched this institution develop from a small office into a financial stronghold with a chain of Branches throughout Canada that now safeguard the savings of over 30,000 people.

The genial constable knows the value of "courtesy." His own reputation for extending courtesies to travellers using Canada's National Railways is widespread.

"Courtesy" has won for The Huron & Erie scores of lasting friendships. Many of these had their beginning forty, fifty and even sixty years ago.

*Mr. Logan relates some of his experiences to Sir Henry Thornton.*

It is constantly the aim of Huron & Erie Officers to win such friendships for this sound old institution.

The Huron & Erie
MORTGAGE CORPORATION
"Older than the Dominion of Canada"

Four Branches in London

Richmond opposite Post Office — Market Square
Dundas opposite Rectory — Corner Elmwood and Wortley
T. G. Meredith, K. C., President — Home Cronyn, General Manager



When you have in mind any considerable extension of your business—

*Consult Your Banker*

—He is fully informed as to the trend of general business conditions and can, therefore, give you a sound opinion as to whether the proposed extension is timely or whether it should be postponed awhile.

—A business man who habitually consults his banker before making large business extensions gives proof, by this very act, that he is a man who believes in adequate forethought and investigation. Such a man is one that bankers can lend to with confidence. He creates credit for himself.

—Frequently a business extension brings unexpected expenditures. If your banker has been informed about the extension in advance, and is convinced that it is a wise one, he will be more likely to advance money to meet any unforeseen needs.

*Tri-City Clearing House Association*

La Salle National Bank — La Salle Savings Bank — Peru National Bank
La Salle State Bank — Peru State Bank — Oglesby State Bank

Fig. 1. Rather long, but interesting




Fig. 2. Something new in New York, a striking ad from Philadelphia and a housewarming in West Hoboken

enlargement of a single financial institution. It means that San Francisco itself has reached the main highroad of economic greatness and that the banks, cash registers of progress, reflect that fact."

REFERRING to "Guide Chart" advertisement of the Trust Department of the Seaboard National Bank, New York (Fig. 2), John A. Burns, trust officer, says:

"This simple digest of a subject so surrounded with tradition, law and current decisions with respect to tax matters, has not been easy and has occupied our attention for a considerable time. Our thought throughout has been that the average man's procrastination in making a will, placing his property in trust or otherwise safeguarding the future, has been largely due to a lack of understanding of the importance of so doing, which we feel has been the outcome of the complications with which the subject has appeared to be surrounded."

REGARDING the black and white advertisement of the Franklin Trust Company, Philadelphia (Fig. 2), H. E. Jones, assistant to the president writes:

"Enclosed herewith are proofs of two advertisements which we have just released, one featuring 'Meeting the Needs of a Greater Philadelphia' which attracted so much favorable attention that we received letters from various sources, complimenting us on the production of one of the outstanding ads of the year in Philadelphia; one of our large department stores thought so well of the idea that it was adopted and featured by them in the publicity of their anniversary sale.

"These advertisements are patterned after the proverbial, double-edged sword and contain a brief additional thought placed in the small box arrangement to the left of the subject. We have concrete evidence of the pulling power of this arrangement, and therefore expect to make it a regular feature in all of our publicity."

AN OHIO bank recently put on a "Boosters' Campaign" among five teams composed of employees of the institution. It lasted one month and resulted in a lot of new business for the bank. A system of credits was worked out whereby cash prizes were to be awarded on the basis of the actual business obtained. A "booster," upon soliciting a prospect for banking or safe deposit business, left a card to be presented at the bank so that proper credit was given. In one of the large newspaper advertisements which accompanied the campaign this statement was made: "We hope you will open a new account in some department, or build up an old account, and when you do, please ask the teller to credit the new business you bring to the bank to some friend who works here."

The prizes to employees ranged from $100 down to $5.00.

RECENTLY the Hudson Trust Company of West Hoboken, N. J., held a "housewarming" in its fine new home, an interior view of which is illustrated in the reproduced advertisement (Fig. 2). The company had been doing business in the new building for several weeks before the formal opening. A special newspaper advertising campaign consisting of large-sized advertisements — about a quarter of a page — was run for a week or more preceding the Saturday afternoon and evening set for the reception. The advertisements were illustrated with drawings of the interior and exterior of the building drawn by Robert Ball, the well-known New York architectural artist.

Officers, directors and employees acted as a reception committee. Visitors to the number of several thousand were conducted through the entire building and shown its many interesting features as a banking plant. The word-of-mouth advertising and the press notices arising from this event were very valuable to the in stitution.

ATTORNEYS are in position to turn a lot of work towards banks and trust companies with which they are on friendly terms — and vice versa. The financial institution should not engage in practices which in the eyes of the lawyer amount to encroaching upon his preserves. Drawing wills is one of those things. If you seek the co-operation of the member of your local bar, it is well to adopt the policy of urging prospects to consult their own attorneys about their wills or in connection with any legal matter that may arise in their financial affairs. It is the policy of many banks and trust companies to retain the attorney who served as counsel for the testator.

As a good will effort, a Minneapolis

bank reproduced a picture of the United States Supreme Court, framed it, and presented one to each attorney in the city. On the picture were the words "Compliments of Trust Department, Midland National Bank." The picture was hung conspicuously in most of the lawyers' offices.

THE convincing method of reproducing newspaper clippings was used successfully by the Bankers Trust Company, New York, in the "Tale of a Will" advertisement shown (Fig. 3).

IT HAS been well said that the New Business or Extension Department might well be called the good will department because the creation of good will ought to be one of the chief functions. People naturally like to do business where it is pleasant and where they are treated with genuine courtesy and their business handled with efficiency. That is the spirit which ought to be inculcated in every employee of the institution. The New Business Department cannot do its best work until everybody connected with the bank has this spirit of cheerful co-operation and is ready to back up the promises of courtesy and service that are made in the advertising.

ONE OF THE important functions of the New Business Department has to do with the free publicity to be obtained by securing the publication in daily newspapers and weekly and monthly financial journals of news articles, photographs, etc., concerning the institution or interviews with its officers upon topics of current interest. A publicity manager with journalistic as well as bank training can frequently find material in connection with the bank's activities which would be of interest to the public and of benefit to the institution if properly presented. Under this head come official changes, dividends, increase of capital, improvement of quarters, and business and financial matters of public interest.

THERE IS a successful play called "The First Year." During the week that it ran at a theater in a New Jersey city, a local trust company co-operated with the press agent for the show by offering to award $50 in savings accounts to the first five babies born during the week to parents, residents of the city, who were married since the corresponding date of the preceding year—the first year of their married life. The prizes were: To the first baby born during the week, $25; to the second baby, $10; to the next three, $5 each.

THE trade-mark of the Hennepin County Savings Bank, Minneapolis, Minn., is a beehive. So when the bank moved to a new building the headline "Our Bees are Swarming to a New Hive" (Fig. 3) was particularly appropriate.

THE problem of automobile parking is beginning to be noticed in bank advertising. Some banks have a private parking space for customers in the rear of their buildings and make a feature of that fact. The Peoples National Bank of White Plains is located on a large plaza and advertises, as shown (Fig. 3), "Bank Where It's Easy to Park."

THOSE who have been familiar with Syracuse, N. Y., will recall that that hustling city was long bisected by the old Erie Canal. Since the enlarged Erie Barge Canal has been completed the bed of the old canal has been filled up in the business section and the century-old barrier between the north side and the south side of the city has been removed. That fact was fittingly celebrated in Syracuse and the First Trust & Deposit Company, at that time published the interesting historical advertisement "A United Bank for a United City" (Fig 3).

AS A FOLDER to go with customers' statements and canceled checks the First National Bank of Brooklyn reproduced by photostatic process the page from *The Daily Gazette* of Williamsburg of May 11, 1852, showing a news item about the opening of the Williamsburg City Bank, predecessor of the First National.

"LAND TRUST CERTIFICATES," a new form of investment, is told about in an interesting booklet by The Union Trust Company, Cleveland.

The fiftieth anniversary of the Farmers & Mechanics Savings Bank, Minneapolis, is told of in a good booklet. Another booklet worth sending for if you are interested in artistic things is "A Bit of Old Philadelphia for Present Day Service," a rare piece of work by the Provident Trust Company, Philadelphia.

THE Finance Department of the Chamber of Commerce of the United States, Washington D. C., has issued a most comprehensive analysis of the McFadden-Pepper Bill to amend the National Bank Act, the Federal Reserve Act and other Federal statutes relating to banking. C. B. Upham, of the Finance Department will answer inquiries.




**Fig. 3. Utilizing the news item, vitalizing a trade-mark, parking and banking, and tying up with a local event**

# It protects the very heart of the check




THAT check your depositor writes becomes money—his money—the minute he signs it. On its way from his desk to your bank it passes through the hands of a number of people, probably unknown to him. Perhaps he takes their honesty for granted, but should he! How can he be sure that one of them, a forger, will not raise the amount of his check, so that it will read for several times the amount intended, before it reaches the teller's window?

Of course, you of his bank use every precaution in paying checks; yet, so clever are professional crooks, that the yearly check-fraud losses of American business men total one hundred million dollars.

There is one way to be certain that checks are safe at the amount line—the very heart of this personal currency. Use the Protectograph. With indelible ink the Protectograph shreds the amount in two colors into the very fibre of the paper. It eliminates all possibility of "pen changing"—the clever method that does not need erasures.

In addition, the Protectograph works speedily and neatly—will be liked by those who use it.

Persuade your depositors to cooperate with you in thoroughness! Recommend the Protectograph. It means fewer losses for your depositors—fewer embarrassing disputes for you.

Please use your letterhead in writing for detailed information on the Todd System of Check Protection. Todd Protectograph Co., Inc. Established 1899. 1186 University Avenue, Rochester, N. Y.




*The Protectograph*, it is estimated, eliminates at least one-third of all check frauds by preventing *raised amounts*. The Protectograph is made in a variety of standard models, one for every type of business, priced from $45 up.




*Todd Checks*, with their patented self-cancelling features, eliminate another one-third of possible check losses by preventing *change of payee's name, date* and *number* and *"counterfeiting."* Todd checks are designed for business and personal use. They are reasonable in price—even in small quantities.




*Standard Forgery Bonds* cover the remaining check-fraud possibilities, namely, forgery of signature and forgery of endorsement. Qualified Todd users receive standard policies at the most advantageous discounts.

# TODD SYSTEM OF CHECK PROTECTION

# How Can The Bank
# Business Failu

IN advising his customers and in passing on requests for credit the banker is guided by their financial statements.

But every banker knows that statements are often inadequate. Even when truly representing physical assets they leave a great part of the story untold. It is becoming more and more important to investigate business management, and to suggest improvements in organization, production or selling policies. Better that these things should be seen to before disaster arrives.

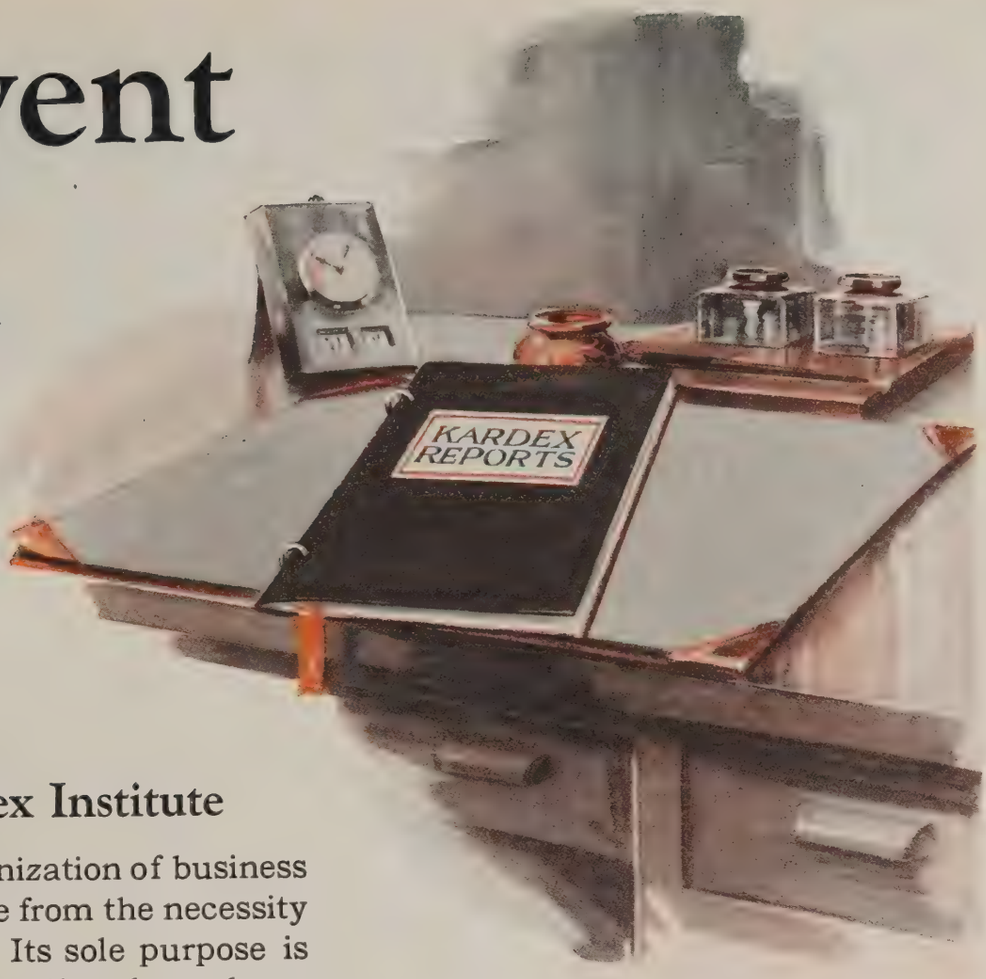
Failure now comes to the average business in seven years. Modern methods of management would save millions of wasted dollars.

Kardex Institute has been founded to give practical aid in all problems of business management. It reports the new discoveries —the methods that are preventing waste, loss and failure. Every bank has customers that need this help.




*Every Business Organization Should Be Enrolled In The Kardex*

# r Prevent
# es?




## The Kardex Institute

is an endowed organization of business specialists. It is free from the necessity of financial return. Its sole purpose is research and educational work on problems of business management.

Urge your customers to make use of this service. Under the terms of the endowment, to permit the widest possible distribution among business executives and future executives, the registration fee is set at the nominal figure of $5.00 for six months' service.

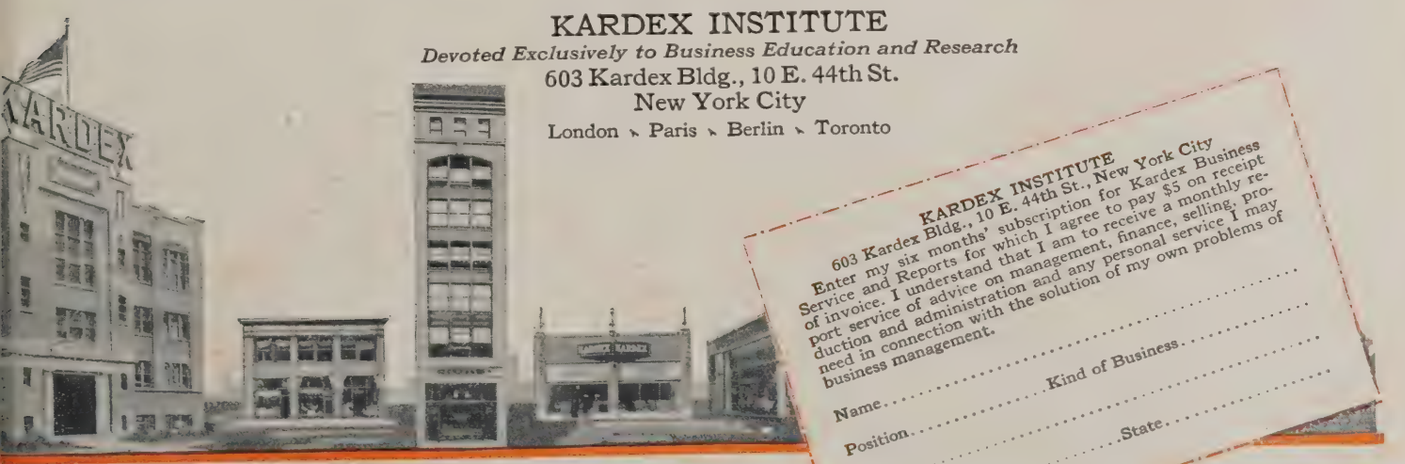
Business men registered with the Institute are entitled to a monthly report service and to the personal attention of specialists by conference or correspondence for the solution of individual business problems.

KARDEX INSTITUTE

*Devoted Exclusively to Business Education and Research*

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New York City

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nstitute • Use This Coupon Today

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Enter my six months' subscription for Kardex Business Service and Reports for which I am to pay $5 on receipt of invoice. I understand that I agree to receive a monthly report service of advice on management, finance, selling, production and administration and any personal service I may need in connection with the solution of my own problems of business management.

Name ..... Kind of Business .....

Position ..... State .....

Street .....

City .....

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# Educating the Other Three-Fourths

## Why There's Confidence in the American Bank Idea and Very Little Hoarded Money in Perth Amboy, 70 Per Cent Foreign

*By* DIRK P. De YOUNG

ABOUT nine months ago the Perth Amboy Trust Company of Perth Amboy, New Jersey, organized a special department for soliciting the accounts of foreigners, placing a foreigner in charge, to do nothing else but that work. The results of those efforts were 1,720 new foreigner accounts, obtained at an average cost of 56 cents each, with total deposits from that source of $146,200, or about $85 per account—all savings accounts, money previously hoarded, left with the "Boarding Boss," or otherwise withheld from circulation.

Out of the first 41 accounts secured, 23 had never had a banking account before, while one of these 41 had $5,200 hoarded in various places. Out of these 1,720 new depositors, not one has withdrawn his account, while nearly all of them are steadily building them up with regular weekly savings.

Perth Amboy has the third largest foreign born population of any city in the United States, 70 per cent of its inhabitants being of foreign nativity. It ranks about third as an industrial center in New Jersey, such large plants as the American Smelting & Refining Company, the Raritan Copper Works, the National Fireproofing Company, the Federal Terra Cotta Company, and the Barber Asphalt Company being located there, and shipping tonnage of the port is equal to Philadelphia and similar seaboard cities of the Atlantic. The foreign element there is largely Poles, Hungarians, and Slavs. In this environment the Perth Amboy Trust Company has developed its business during the past twenty years and thrived. It is the largest trust company in Middlesex County, having the largest capital, surplus, and undivided profits of any bank in the city. Its capital is $500,000 and its resources nearly $8,000,000.

To illustrate to what extent the so-called "foreign element" in Perth Amboy have managed in the past without employing banks, a Hungarian real estate man of that city recently said that out of twenty-one sales of properties made by him during the year nine of the purchasers paid in cash from money hoarded in their houses. These sales ranged from $850 to as high as $4,000. All of their current bills, rent, taxes, groceries, and clothing, are paid for in cash, too.

The methods of securing these accounts, as reported to me by John J. Quinn, in charge of the New Business Department of the bank, are largely personal solicitation. They have engaged a young man, who speaks the foreign languages and devotes all of his time to that particular work. The solicitor goes from house to house, telling the people he visits of the purpose of a bank.

THE reason most of these foreigners do not patronize our banks, as most bankers already know, is that they do not understand them, and, like all humans, they are afraid of the unknown. In the homeland, whence they came, many of them never had any money to bank. Checking accounts in Europe are not as common as here. Even large merchants there settle their bills in cash. Moreover, the banks of the old world are semi-government institutions very often, among which failures are practically nil. Hence the custom of a lifetime to do little or no banking, plus the fear of bank failures in this country, cause many of them to hoard their money or send it back to the fatherland for deposit. That explains why the program of bringing these people into American banks as depositors must be an educational one, first to interest them at all, and secondly, to hold them when panicky conditions develop.

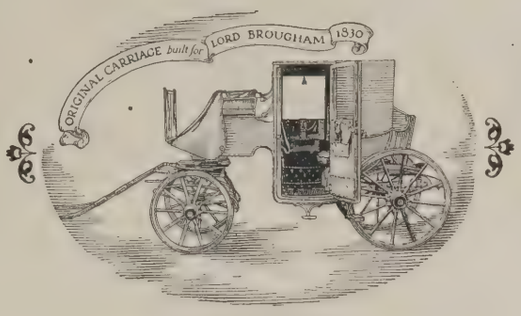
While this latter point is not strictly a part of this story, it points the answer to the question of how to overcome with the reason for the foreigner's reluctance to entrust his funds to the banks.

Attempts at circularization, unsupported by personal work, have not been fruitful of results in this bank's experience in getting the foreign account. Apparently, it takes personal contact to influence them. They do send out circular matter, of course, and advertise freely in the foreign newspapers, but the groundwork of their plan is the house-to-house canvass, lectures at the various foreign societies, by a representative of the bank who speaks their own language and is really of their own kith and kin. For the same reason, the bank has employees in the house to deal with such depositors when they bring in their savings.

It appears that the foreign depositor does not like to do business through an interpreter. He wants to see one of his own kind in the bank's wire cages, to talk in his own tongue. All of these things may seem like too much trouble and too much catering to a foreign class, but it pays from a banking standpoint, while it also pays in a larger sense, that of really Americanizing those people through contact with our banks. The Good Book says something about "where a man's treasure goes, his heart also follows," or words to that effect. The Perth Amboy bank believes in getting these foreigners interested in American banks and American institutions, to the extent of investing their funds with us—the first step toward making good Yankees of them.

When the young man who has charge of this department for the Perth

(Continued on page 32)




# What does your banker think of the motor car?

THESE are extracts from the letters of three bankers writing from different parts of the country:

1. "***During the past few years there have been opened many suburban extensions, beyond reach of the existing car lines. The purchase and improvement of these sections would not have been possible without the automobile. And the saving in the cost of a lot is, in a great many instances, sufficient to pay for an automobile.***"

2. "***Our city, which has always grown in advance of street railway facilities, is now about half covered by electric lines. The rest depends entirely upon motor transportation.***"

3. "***The advent of better roads will mean that the motor truck will be as necessary to a farm as a plow, as indeed is already the case on the well-conducted farm. Our observation is that good roads mean more automobiles, which bring about more prosperity and insure a happier and healthier life to residents of farm and town alike.***"

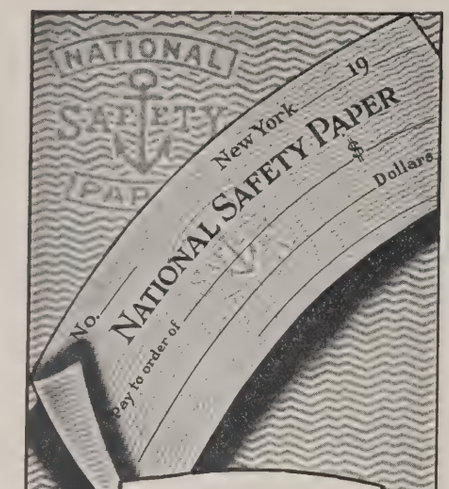
*A booklet will be mailed you, if a request is directed to the Department of Publicity, General Motors Corporation, New York.*

# GENERAL MOTORS

BUICK • CADILLAC • CHEVROLET • OAKLAND • OLDSMOBILE • GMC TRUCKS

Delco and Remy Electrical Equipment • Harrison Radiators • New Departure Ball Bearings
Hyatt Roller Bearings • Jaxon Rims • Fisher Bodies • AC Spark Plugs—AC Speedometers
Brown-Lipe-Chapin Differentials and Bevel Drive Gears • Lancaster Steel Products
Inland Steering Wheels • Klaxon Horns • Jacox Steering Gears
Delco-Light Electric Plants • Frigidaire Electric Refrigerators

• United Motors Service provides authorized national service for General Motors accessories •
• General Motors Acceptance Corporation finances distribution of General Motors products •
• General Exchange Corporation furnishes insurance service for General Motors dealers and purchasers •




**The best endorsement**

The great number of banks and trust companies throughout the country which are using checks on National Safety Paper, is the best endorsement of the efficiency of this form of check protection.

Any attempt to alter a check on National Safety Paper is instantly exposed by a glaring white spot.

Write us for samples.

**George La Monte & Son**
Founded 1871
**61 Broadway, New York**

*National Safety Paper is also made in Canada by George La Monte & Son, Ltd., Toronto*

(Continued from page 30)

Amboy Trust Company calls on a prospective depositor, he gets the name and address, with full particulars regarding nationality, which he notes on a card, with date and remarks. That data is then filed at the bank, from which a list for future reference and circularization is built up. Although formerly they did so, they never send circulars to such prospects now until their solicitor has first seen them in person. After a fairly good list had been worked up, a folder, printed in the Slavish language, containing the following was sent out:

"Do not keep large sums of money around the house.

"Do not put money in bureau drawers for safekeeping.

"Do not hide money in mattresses.

"Do not carry large sums of money around with you.

"All of these ways are unsafe, for your money is liable to be stolen; or through fire or other causes you will have the unpleasant experience of seeing your money wiped out, and you will be compelled to start saving all over again.

"Put your money in a good reliable bank, where it will be safe, and where it is drawing interest for you, while at the same time you will experience that feeling of contentment and satisfaction of knowing that come what may, be it robber or fire, your money is safe."

THE folder then goes on to tell of the functions of the bank, mentioning the operations of the savings department, and how a bank is able to make savings work and earn money for the depositor and for the institution. It explains minutely the organization of the Perth Amboy Trust Company, its supervision by the state, and gives a list of the prominent men on the board of directors and their responsibility for the acts of the officers. The folder, in short, is designed to instruct the foreigner in the mechanical processes of an American bank and inspire confidence in its capacity to safely handle funds entrusted to its keeping at a profit.

This circularization process goes on indefinitely and the list is enlarged continuously, all the time telling the foreign depositor *what a bank is.* Once he knows, his distrust of the institution disappears, and he becomes a valuable customer and brings in his friends. It is unnecessary to preach thrift to these people. They know more about economy and saving than native Americans do. The problem of the banks, with this class, is to get them to put their savings in financial institutions rather than "burying them in napkins" or pillow cases in their homes.

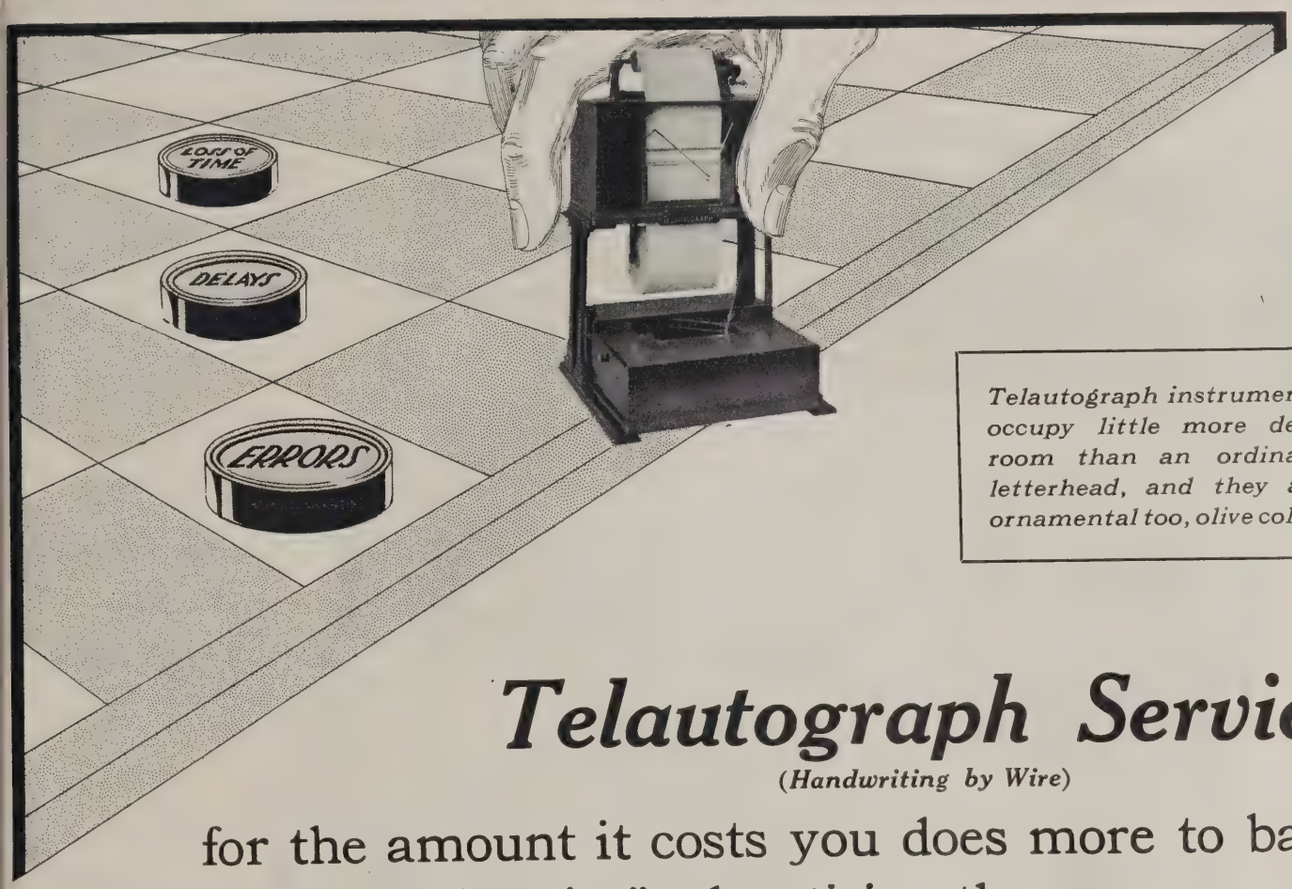
The schools of Perth Amboy have also proved to be good mediums of approach to the foreign depositor. Mr. Quinn has handed out banking "primers" to the children there, while in an essay contest conducted by them some time ago on the subject of "What Is A Bank?" a boy from the Slavish school won first prize. They also keep their bank before the foreign boys and girls by having two standing prizes of gold pieces awarded annually to the boy and girl having the highest ratings in business arithmetic. The prizes are presented to the winners by a representative of the bank in person at graduation time. The foreigners take much interest in these exercises, which helps popularize the bank with such people.

The Perth Amboy Trust Company takes the same pains in presenting a good front to the foreign element of the city as it does to the native American. They appreciate good art work in printing, good paper, and a neat appearing solicitor, the same as others. In fact, many of these foreign born people know more about art than we do. Nearly every family of the old world has an artist member, where more is made of such things than in the United States. At the present time Mr. Quinn is preparing a booklet, in many colors, with interesting facts regarding the bank and banking generally, for distribution there. English circulars, or advertisements in English language newspapers, it is asserted, get them nowhere. In order to reach the foreigner, unless we first want to teach him English, we must use a language he understands.

In Perth Amboy, as elsewhere in the United States where many foreign born people are congregated, the Bureau of Naturalization is also conducting educational campaigns to Americanize that element of the population. In all, perhaps 200,000 of such foreigners are at present attending night schools of the country in about 3,000 different communities of the land. These, too, provide splendid opportunities for the banks to make contacts with them, while the government workers are glad of any help from business or banking sources in the process of making American citizens of them. Officials of the Bureau of Naturalization at Washington, whom I have recently interviewed, state that these foreigners are eager to learn English, adopt our ways readily once they understand them, and patronize American institutions freely when they know how.

Bankers in quest of "The Golden Fleece" at present hoarded in the cellars and garrets of the homes of the foreign born, will therefore probably find it through some such medium as used by the Perth Amboy Trust Company—first understand the foreigner and then get the foreigners to understand banks and bankers.

# YOUR BANK DESERVES IT!!




*Telautograph instruments occupy little more desk room than an ordinary letterhead, and they are ornamental too, olive color.*

## *Telautograph Service*

***(Handwriting by Wire)***

for the amount it costs you does more to back up your "Good Service" advertising than any service your bank is now employing, because—

it enables your tellers and bookkeepers to communicate in a silent, secret and absolutely accurate manner. Eliminates embarrassment of depositors through open discussion of depositors' balances—makes your tellers and bookkeepers more efficient through their knowledge that responsibility for error cannot be shifted. Keeps your tellers in the cages at all times, and prevents involuntary overdrafts, thus rendering better service to customers and providing protection for the bank.

## EACH STATION COSTS 28 CENTS PER DAY!!

(Charge it to advertising if you wish)

**Our Booklet Explains—Shall We Send It to You? Or Our Man? Or Both?**

## TELAUTOGRAPH [*SERVING BANKS SINCE 1904*] CORPORATION

448 West 37th St., NEW YORK CITY — 36 Branch Offices — Service in 152 Cities

# A Business Building




## Handsomely Printed in Four Colors

*A Masterpiece of the Printers' Art*

Size 9¼ x 16 inches

We are the Originators of "Thrift Calendar"

Trade Mark Registered in the U. S. Patent Office

# Bank Service

## —A Fresh Thrift Message Every Month

Mr. Banker—it is a part of your business to preach Thrift and Saving. Here is a practical way for you to practice what you preach.

This beautiful Thrift Calendar is designed especially for your needs. It is a real work of art—a combination of beauty, quiet dignity and practical usefulness—a fitting representative of your business. The beauty of the art work attracts attention and assures it a prominent place on the wall in every home you wish to reach. It holds the good will of your regular patrons—and good will is priceless. Through the direct tie-up of its appeal to saving with your bank it brings you *new* customers for its arguments are convincing.

## 12 Monthly Thrift Messages—Only One Mailing

Through appropriate pictures and short sermons on thrift, each month it preaches the "saving habit"—gives compelling reasons why that habit should be cultivated at *your* bank. For your imprint is prominently displayed under each month's picture. This provides your patrons with a monthly service at small cost to you as only one mailing is necessary. It eliminates bother and expense of monthly mailings.

## *Outlines a Family Budget System*

On the back of the Calendar there is outlined a practical home budget system—how to plan, establish and control it. It shows how much *should* be saved regardless of the size of income. It's a wonderful help to every family and is in accord with your own ideas of thrift and saving.

## Exclusive Rights May be Secured in Your City

Send in the coupon *at once* so that you can see the Calendar and, if you decide to use them, *rush your order*. The first bank in your city to place an order (subject to our acceptance) secures exclusive rights.

### A Few Users of Thrift Calendars for 1925

City National Bank, Danbury, Conn.
Bay Ridge Savings Bank, Brooklyn, N. Y.
Peoples National Bank, Latrobe, Penn.
Egg Harbor Com'l Bank, Egg Harbor, N. J.
Albany State Bank, Albany, Oregon
Farmers&Lumberman'sBank, Elma, Wash.
Bank of Vernal, Vernal, Utah
First National Bank, Bangor, Maine
WestMichiganSavingsBank, Bangor, Mich.
American National Bank, Redfield, S. D.
City National Bank, Bessemer, Ala.
First Nat'l Bank, North Little Rock, Ark.
Union National Bank, Knoxville, Tenn.
AnnapolisBank&TrustCo., Annapolis, Md.
Planter's National Bank, Richmond, Va.
Hill State Bank, Chicago, Ill.
First National Bank, Chicago Heights, Ill.
People's Bank & Trust Co., Rockford, Ill.
Exchange Bank, Jefferson City, Mo.
Kirksville Savings Bank, Kirksville, Mo.
Mechanics State Bank, St. Joseph, Mo.
First National Bank, Ironton, Ohio
Citizen's Bank, Jackson, Ohio

## "Most Attractive Ever Seen" Writes Arkansas Bank

*"At sight we were absolutely sold on your Thrift Calendar as it is the most attractive bank calendar we have ever seen. Make our order 1,000 to cover 1925-1926 inclusive for North Little Rock. We feel sure we will want to double the 1926 order. We are sure one of the banks in Little Rock will buy several thousand."*

*First National Bank, North Little Rock, Arkansas*

The foregoing letter indicates the great popularity of this handsome Thrift Calendar and forecasts the tremendous demand there will be for the 1926 Calendars.

## Mail Coupon for FREE Sample

Don't place your order for your 1926 calendars until you have seen the Thrift Calendar for 1926. You cannot appreciate its artistic beauty nor its practical business building features until you *have* seen it.

Let us send you one of the 1926 "Thrift Calendars" for your examination without, of course, any obligation to you.

**MESSENGER PUBLISHING COMPANY**
314-324 West Superior Street CHICAGO, ILL.

Mail This Coupon NOW

MESSENGER PUBLISHING COMPANY
314-324 West Superior Street, Chicago, Ill.

Gentlemen:

Please send me a copy of your 1926 Thrift Calendar together with price quotations.

*Name*_____

*Address*_____

# Real Account Getters




The "Real Home" Savings Bank




The Horse Shoe Pocket Dime Bank




The Bankers, Jr.

New Enough to be different in design and purpose, Yet old enough to have proven their worth.

Originators and Manufacturers of

**BANK Advertising**

in all its ramifications

Metal Signs of Interest Tables
School Savings Blotters
Interest Table Blotters
Monthly Folders

*Write for Samples*

***BANKERS THRIFT CORPORATION***

Bankers Thrift Building
*2240 No. Racine Ave. - CHICAGO, ILL.*


# The Compound Interest Column

*By* DON KNOWLTON

THE trouble with this country today is (where have I heard that before) the Man who has a Message and the fellow who wants to Leave a Thought with us. To say nothing of the Man who Needs no Introduction, and the chap who insists that we Rise Up. Doggone it all, Demosthenes didn't realize what he started.

*Even the 7th Grade reads the newspapers*

Susie (in the back row): "Willie—where'd yu get the gum drops?"

Willie: "Aw, Jimmie was tryin' to sneak 'em in through the cloakroom and I hi-jacked him outa 'em!"

A lot of the stuff "heard on the Street" comes from the idle roomers.

About the time our holiday customers get through asking for the new silver dollars, the coin collectors will be asking for old ones. Yes, a dollar may be worth a dollar yet.

Now that the stenogs are getting off to go to the barbers, it may be possible for the tellers to get off to go to the manicurists.

The ancient Assyrians, say the historians, kept all their business records upon thick stone tablets. Aren't you glad you didn't run a loose leaf ledger in those days?

Yes, there used to be more snow in the winter time, in the old days. And bonuses, and fees, and 7 per cent—Sh!! How the weather has changed in the last five years!

Even the coast bootlegger has his daily float.

*On the telephone—*

"Is this the bookkeeping?"

"Yes, Ma'am—"

"Well, I want you to stop payment on a check I wrote this morning. It's made out to Jones Brothers—"

"Pardon me, Madame—why do you want to stop payment?"

"Well, the check was to pay for a new fur coat, and I'm not sure I want it, now, and—"

"Well Madame, we can't stop payment on a check for any such reason! If you bought the coat—"

"Can't stop payment! Why, I never heard of such a thing! Why, you must stop payment! I—"

"But Madame, we simply can't stop payment in such a case. If you've written the check, it *must* go through."

"Absolutely?"

"Positively."

"You'll have to pay it?"

"We'll have to pay it."

"Can't possibly get out of it?"

"No—the bank will have to honor that check."

"Fine! I just wanted to be sure of it—you see, I haven't got that much money in the bank."

We're going to be generous. Below appears copy for a number of newspaper ads. You are welcome to use this copy, free gratis, without pay or consideration, recompense or obligation:

*Nothing is safe these days!*
Put your money in
The Average National Bank

*Our guards are always on the lookout for thugs*
Pay us a visit
First National Bank

*Always at your convenience*
(Closed Saturday P. M.)
First Trust & Savings Co.

*No account too small*
(Minimum balance, $100)
Commercial National Bank

*Don't let out-of-town swindlers get your money*
Bring it to your own bank
Peoples Savings & Trust Co.

*We are always glad to have you report a discourtesy*
Citizens Bank

*Ballade of the Old Guard*

Ho, for the days of Jesse James,
King of all bandits, since time was young!
Think of that roster of famous names,
Thugs who were captured or shot or hung!
Ah, in those days were our plaudits sung!
Then there was danger, to win us praise,
Ever alert, with our guns unslung—
Where are the bandits of olden days?

Hist! Here they come, with their stealthy tread,
Sneaking upon us, with mask and flash—
Acetylene torch, and that "juice" so dread,
"Crackers," all willing to kill for cash—
Ha! At the risk of our lives we dash
Straight at their guns, as our volleys blaze!
Bullets fly thick, and the windows crash—
Where are the bandits of olden days?
Hardly a thought, now, of thug or gun;

Cash is protected in modern style—
Once we were heroes! Those days are done;
Now we are armed with a pleasant smile.
Gentlemen crooks nowadays beguile
Victims, and swindle with clever phrase—
Hanging gives way to a jury trial—
Where are the bandits of olden days?

*L'Envoi*

Better for us that the crooks grow shy,
Ever forsaking their former ways;
Yet, for romance, let us spare a sigh—
Where are the bandits of olden days?

## Piddling

(Continued from page 17)

booklet," or, "let's do a lot of billboard advertising."

The idea sounds excellent. Of course, there's nothing at all the matter with it, provided it can be worked in with the general selling policy. But what so often happens, is this: the advertising manager, being only too glad to purchase space somewhere or somehow, while the "gods" feel in the mood to O.K. the expenditure, rushes out and contracts for a lot of booklets, or buys fifty or a hundred billboards—and then sits down in his office and wonders just what he is going to do with them!

The danger in this sort of buying lies in the fact that the medium of advertising should be chosen in accordance with the selling policy determined upon, instead of the selling policy being determined in accordance with the medium already purchased.

There is another form of piddling that is not the fault of the advertising manager, but the fault of the "powers that be" who O. K. advertising expenditures. There are some banks in which advertising expenditures must be O. K'd piecemeal, bit by bit, protracting the agony and dragging it out interminably over the entire year.

THE advertising appropriation is a painful enough matter at best, and should be gotten over with once and for all under total anesthetic, like a good major operation—but some banking officials seem to prefer to discuss each individual expenditure by itself, upon its merits, villify it, denounce it, weep over it, wring their hands in dismay and say the last lingering rites over every single dollar of it, day by day, week by week and month by month—and in a situation of this sort the advertising manager must piddle whether he will or no.

The reason is a simple one: the bank officers who pass upon these individual items of advertising expenditure, fix in their own minds more or less subconsciously a total of unit expenditure

*That*

# *Forty Million Dollars*

*YOUR BANK* spends part of the forty million dollars that goes each year into the effort to get "new" business. *What do you get for the money you spend?*

You cannot answer this important question satisfactorily unless you know:

**Where "new" business comes from;**

**What kind of an effort will get it;**

**How to analyze your selling field.**

**Where to find more business that will prove *profitable* to you;**

**How to organize your sales effort;**

**How to get the co-operation from the entire staff in carrying out a practical plan for increasing the bank's business and profit.**

These are some of the important things you must know to organize properly your selling effort to secure new profitable business.

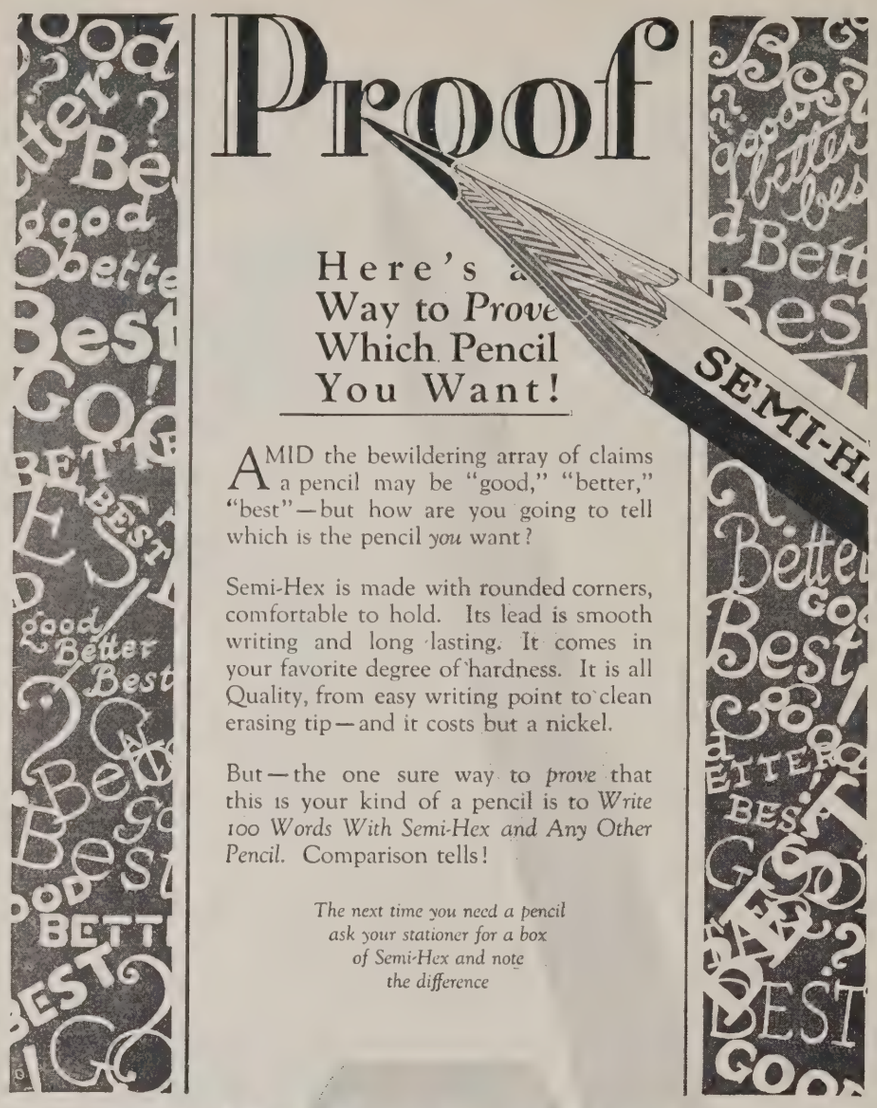
The Findex organization has spent thousands of dollars and years of time in research work, constructing bank merchandising methods.

The results of this work are now available to bank officers who are interested in increasing the effectiveness of their new-business-getting campaign.

*Ask for Our Book*
*"BANK MERCHANDISING"*

THE FINDEX COMPANY
326 WEST MADISON STREET
CHICAGO, ILLINOIS
NEW YORK
SAN FRANCISCO

# Proof




## Here's a Way to Prove Which Pencil You Want!

AMID the bewildering array of claims a pencil may be "good," "better," "best"—but how are you going to tell which is the pencil *you* want?

Semi-Hex is made with rounded corners, comfortable to hold. Its lead is smooth writing and long lasting. It comes in your favorite degree of hardness. It is all Quality, from easy writing point to clean erasing tip—and it costs but a nickel.

But—the one sure way to *prove* that this is your kind of a pencil is to *Write 100 Words With Semi-Hex and Any Other Pencil.* Comparison tells!

*The next time you need a pencil ask your stationer for a box of Semi-Hex and note the difference*

# SEMI-HEX

GENERAL PENCIL COMPANY
INCORPORATED
Jersey City New Jersey

## If You Sell to Banks or Bankers

The Burroughs Clearing House is your best buy. One or more bank executives in every bank in the United States and Canada receive a copy monthly. Ask any banker whether he reads The Burroughs Clearing House. Ask him too, how many others in his bank read his copy after he is through with it.

*WRITE FOR RATE CARD*

The Burroughs Publications
Detroit, Mich.

**See REED'S Branch Bank Plan.**

**Reed's Master Plan for 1925 is now ready.**

**See REED'S Outlying Bank Plan.**

BEST CIRCULATION BUY IN THE BUSINESS FIELD
Write for Rate Card
BUSINESS
DETROIT MICHIGAN


above which their consciences will not permit them to go. That is, after due objection, they may O. K. an expenditure up to an amount of $500—but above that—my gracious!

Now it goes without saying that volume buying means economy in any line of business, and this is especially true in advertising. There is an amazing difference between the "open rate" of a newspaper and the yearly contract rate. There is a great advantage in buying billboards upon a yearly basis, specifying locations. Consequently the advertising manager sometimes feels it advisable to secure at one sitting the O. K. of expenditures involving as much as one-fourth, one-third or even one-half of his total advertising appropriation. It is the most economical method of purchasing the material with which he works. But only too often the "committee" is governed not by the wisdom of the purchase, but purely by the amount of money involved, and is constitutionally incapable of giving its approval to an expenditure exceeding its own arbitrarily visioned maximum of dollars at any one time. In that event the advertising manager is forced to make the best of a bad bargain and buy his mediums piecemeal from day to day, and pay in almost every case a larger amount of money for the total purchase than he would have to pay otherwise.

In this case it is the banker rather than the advertising manager who does the piddling.

THE situation of the youthful ad man approaching the "committee" upon the subject of last month's expenditures reminds me of the old story of the young man who went to his father and asked the old gentleman for a dime.

"What did you do with the other dime I gave you?" cried the father. "Alas," wept the son, falling upon his knees, "it was a penny here and a penny there— first a lolly-pop and then a peanut, and thirdly a copper bet on the races, and at last, father, I met a woman, and so it went—the whole dime!"

Getting back to piddling—a dollar's worth of paint will paint just so much space and no more. You can paint one side of a barn red with ten dollars' worth of red paint, perhaps (I don't know much about paint). On the other hand, you can take ten dollars' worth of paint and daub it in spots all over the entire barn. If you do the former you will have at least one side of the barn painted red. If you do the latter you won't have anything painted anything at all—just a lot of splotches and spots that signify nothing and look like the very dickens. You can't paint a whole barn red with paint that's barely sufficient to cover only one side of it.

Which will it be,—paint, or piddle?

# Stop That Playing With Money

*By* JAMES T. TYRRELL

"BY GOSH, something's wrong," an old downstate banker said to me one afternoon, shaking his head sadly. "Folks work like sin and deny themselves and scheme and fret and worry till they get it, and then after they've got it they just play with it."

Money, of course.

Only a banker knows what an absurd, grotesque crazy-quilt of financial patchwork can be woven from the spending and investment adventures of "those who have it." But I doubt very much whether bankers as a rule feel a sense of responsibility in the direction of the conservation of the money which they themselves have enabled and persuaded people to save.

Jones, through ten years' effort, piles up a balance of five thousand in the savings department. Then he walks in, one morning, and withdraws four thousand.

Does the bank feel any curiosity as to what he's going to do with it? Does the bank take any precautions to see to it that he isn't going to "play with it?" Seldom. I'll wager the savings department doesn't care what happens to that money as long as the bond department doesn't get it!

Let's go on to the bond department. Here much more intelligent effort has been made to conserve for the public the wealth which they have accumulated. But here again the main object is to save the prospect from the wildcats not so much for his own benefit as because if he is "rimmed" he is no longer a prospect for more bonds. And I doubt very much whether the bond department is particularly pleased when one of its best customers turns his estate over to the trust department. Another good prospect gone!

But in the trust department may be found striking indications of what happens to money when the younger generation begins to "play with it."

A young man, the beneficiary of a large estate which is held in trust by a bank, recently left for New York, Atlantic City and points east, and the bank followed his course from town to town by the flood of checks which kept drifting in, until upon his return he was some $50,000 overdrawn!

One of the bank officers (known by his more intimate friends as "Uncle") asked the young man down to the bank. It took a week's persistent telephoning to persuade the youngster to make the effort.

At last he came—and "Uncle" took him into a conference room and gave him the third degree.

"You can't go on like this, you know," "Uncle" protested. "We can't carry you for thirty or forty or fifty thousand! We had to sell fifty thousand dollars' worth of good securities to cover that overdraft, and your principal is reduced by that amount. Now you must never—"

"Sure, sure," broke in the young man. "That's all right. Is *that* all you wanted to tell me, Unk? Well—got a dinner date, must hurry along—goodbye, Unk—"

That was that.

Sometimes trust officers are not so lenient. A young man whom I know suddenly disappeared from his usual haunts and clubs for three weeks. Vacation, we thought—for he had a good income from a trust estate, and came and went as he pleased. When he turned up, however, he explained, cheerfully, that he had been in jail!

"The dog-gone bank wouldn't give me money enough for that new car! So I went out to the club and got good and mad, and I sat down and wrote to old funny-face at the bank, 'I'm going down to the agency today and buy that car and give them a check for it, and I'm leaving in that car today for Montreal. Now you can do as you please—you can honor that check, or put me in jail.' They put me in jail!"

Now bear in mind, these are the exceptions, the young men who are protected in their inheritances by the utmost care. Imagine these boys unhampered by trusteeships, in full possession of their estates—and you get an idea of what happens to money saved.

Somebody "plays" it away. And in only too many cases this "money-play" begins long before the second generation. Jones, who has saved five thousand and takes out four, may be going to "play" that four on Gusher Oil. The bond customer, who has a hundred thousand in sound securities, may "play" that hundred on a market tip or a fluke real estate speculation.

The trust department, in short, takes things in hand at the very top of the financial ladder—a ladder at the bottom of which, somewhere, sometime, years before, every single trust in the department was originated by some man starting a savings account or its equivalent.

So every savings account opened today is a potential trust.

Out of the mass of savers of the present, some few—very few—will climb the financial ladder to the top without "playing money away," and these few may insure themselves against the "play" of old age or the second generation through the trust department.

(Continued on page 42)

**How Much of YOUR Estate Will Be Eaten Up by Inheritance Taxes?**

Little remains of many large estates after the Inheritance Tax is deducted. Certain securities are taxed not in *one* but in *many States.* Loved ones who expected to be amply provided for are left almost penniless. A new book by a recognized Inheritance Tax Expert discusses the subject in detail. It is of vital interest to every investor, investment house, banker, manufacturer and business man.

***Protect Your Loved Ones NOW***

**By Reading L. A. Hopkins'**

**"The Farce and Tragedy of Death Taxes"**

***Obtainable With a Year's Subscription to***

Chicago Journal of Commerce

Fill in and Mail This Blank Today

Date.....

Subscription Department,
Chicago Journal of Commerce,
12 E. Grand Avenue, Chicago, Ill.

I want a copy of L. A. Hopkins' book on Inheritance Taxes and enclose my check in full payment of a year's subscription to The Chicago Journal of Commerce.

Check in the sum of $12.00 is enclosed. Send The Chicago Journal of Commerce to

**Yearly Subscription, By Mail, $12.00**

Name.....

Address.....

City..... State.....

# What McBee Means to Bankers

# The McBee

THAT McBee Products may bring to the banks of America standards of quality, service and price never before known, the McBee Binder Company has laid a solid foundation in experience and equipment.

During its sixteen years in the manufacture of loose leaf binders and supplies, the bookkeeping problems of bankers have been carefully noted and quietly analyzed.

As a result, McBee Products mean much to bankers, particularly from a price standpoint.

At the McBee plant preparations have been made to produce in tremendous quantities by standardized methods, so that the very minimum of cost will be entailed in production processes, while quality will be placed as high as good materials, good workmanship and perfect equipment can place it.

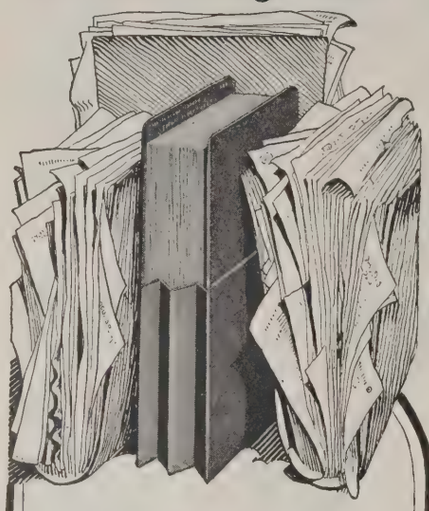
In supplying the needs of bankers, direct from factory to user, minus costly and indirect methods of distribution, the McBee Binder Co. is able to offer, as it always has done, competition that cannot be met by rival producers in the field.

Withal, the banker can feel confident that he will be ably served by McBee on every desirable factor that goes to make up modern business cooperation. Write for the McBee general booklet that tells more fully the principles underlying McBee service.

# Binder Company

**Athens, Ohio**

# The Difference is Instantly Seen



**VERTEX File Pockets** have three times the capacity, twenty times the durability and one hundred per cent more efficiency than the old-style flat manila folder.

If you have suffered through the loss of important papers, costly searches through folders jammed full of correspondence and all the other inconveniences that overcrowded files impose upon busy offices, we suggest the immediate trial of

**Vertex**
**VERTICAL-EXPANDING**
**FILE POCKETS**

which always stand upright in the filing cases with their index tabs in plain view. Their expansion feature enables them to efficiently hold three, thirty or three hundred letters.

Vertex Pockets are made of "Paperoid," that tough red-rope stock that will outlast twenty manila folders.

***Transfer time is the logical time to give VERTEX Pockets a trial. Send the coupon below for a FREE trial sample.***

**ALVAH BUSHNELL CO., Dept. C**
*Durable Filing Containers*
**933 Filbert St., Philadelphia, Pa.**

CUT HERE

Please send for examination and trial a free sample of BUSHNELL'S "VERTEX" Paperoid File Pocket, as described in January BURROUGHS CLEARING HOUSE.

Name of Firm _____

Address _____

Name of Person Inquiring _____

Letter size or Legal size desired? _____

If special size is required, send sample of sheet to be filed, and give width and height of drawer

**To Alvah Bushnell Co., Dept. C.**
**933 Filbert Street Philadelphia, Pa.**


(Continued from page 39)

But these few who succeed will do so practically without help from the bank except at the very bottom and the very top of the ladder. The bank leads them to the bottom rung through savings advertising and thrift propaganda, starts them off with a savings pass book and wishes them luck. Then they must "go it" alone.

If they get far enough along, the bond department will pick at them a bit. Excellent. It helps conserve their estates. But it is done really to make commissions on sales, rather than to protect the investors.

The loan department of the bank may finance their homes or their businesses. Fine. That, too, helps. But it is done to bring in revenue to the bank rather than to conserve the estate of the investor.

When our financial climber gets to the very top of the ladder, however, along comes the trust department and gathers him in, offering him at last a constructive, fool-proof program of conservation, a program in which "money-play" has no part.

Now of course a bank must make money. Its first consideration must be to its stockholders. But I wonder if a bank, as a public servant, should not feel a certain responsibility toward these thousands whom it starts off at the bottom of the ladder with a pass book and a careless "good-luck!"

When we have encouraged a man to save a thousand dollars at the bank, are we excused if he withdraws the thousand and "plays" it on Wildcat Copper, by our usual remark, "It's his money, isn't it? And what he does with it is none of our business."

Why not make it our business?

I know a merchant who saves a thousand dollars about three times a year—in a savings account—and just as regularly withdraws each thousand, "plays" with it, and loses it in wildcat stocks or promotion schemes that promise millions. An analysis of this man's savings account would show the bank in a minute what he was doing.

Would it be unethical or poor business for the bond department of the bank to sell that man bonds—to start him off on a constructive financial program? Well, of course, (says the savings department) it would be all right if the bond department happened to find out about him by accident, but we couldn't let the bond department get wind of him through our savings records!

I know a consistent customer of a bond department who needs a trust very badly. He is not well, he has a family, he has perhaps a quarter of a million in securities of every description. Has the bond department put the trust department on his trail? It has not. The bond department is plugging away on that man trying to persuade him to convert his more speculative holdings into industrial bonds (upon which they will receive a commission). That's all right as far as it goes, but it doesn't go far enough.

Wouldn't a more unselfish policy, a more co-operative policy, a thorough attempt to unite all banking departments into an organization devoted to the supplying of a continuous program of conservation of the estate of the individual, all the way from the bottom rung of the financial ladder, the savings account, clear through to the top, the trust department, actually result in more profit to the bank?

For it is obvious that the more money can be kept out of "play" and diverted from speculation into bank channels. whether savings, bond, trust or what not, the greater should be the increase of bank business.

Suppose, when a savings depositor had attained a balance of a thousand dollars, the savings department should say to the bond department, "It's about time you took this man in hand. He's ripe for 'play.' We've done our part—now you step in and conserve his money."

Now then, suppose, thirty years later, this same depositor, started on the right investment path by the bond department, would be worth about three hundred thousand. Why should not the bond department say to the trust department, "Better take this man off our hands. We've helped him build up an estate, and it's time you stepped in and sewed it up for him."

Why not?

I'm not a practical banker, and I suppose I'm preaching treason. But I do believe that co-ordination instead of competition between bank departments, and the inauguration of a broad policy of conservation of estates from the very beginning instead of our present emphasis upon the sale of distinct services or securities, would be a step towards the solution of the complaint of the old downstate banker that "they work and fret and worry till they get it, and then after they get it they just play with it."

And isn't it up to us to do our utmost to stop that "play?"

## Admirably Curious

THE "Admirable Churchill," after much political gypsying through several cabinet positions, "now is Chancellor of the Exchequer, that office so amusingly held by his brilliant father, whose official astonishment at seeing, apparently for the first time, a decimal point, prompted the famous inquiry: 'What is that damned thing?' "—*New York Times.*

## The Romance of Banking Terms

(Continued from page 20)

receiving deposits spread to other parts of Europe the first syllable of the word *banco* should accompany it.

"When one of these early Italian bankers failed, his bench was broken, either by his infuriated creditors or by his associates who were still solvent and therefore, in the righteousness of their own virtue, considered his failure as a disgrace. It is from this that we obtain our word 'bankrupt'—a combination of *banco* and *rotto*, the latter meaning broken.

"But," and I knew from the emphasis which he placed upon that word that Jerry was just warming up to his subject, "there are a number of other words connected with the banking industry of which the history is by no means so well known. What is the first word which suggests itself to you in connection with 'bank?'"

"Balance," I replied, possibly because mine was so close to the vanishing point.

"There's a word"—and Jerry positively beamed—"that can be traced back as far as ancient Egypt and, in its collateral branches, is one of the most interesting in the English dictionary.

"If you ever delve into Egyptian mythology you'll find that the soul was believed to be brought into the Temple of Double Truth, where it was weighed in what we would refer to as a balance, proof positive that this means of determining weight was one of the earliest contrivances invented by man. Our word 'balance' comes to us through the French from the Latin *bilanx*, a double scale—formed, in turn, from *bis*, 'double,' and *lanx*, a scale or plate.

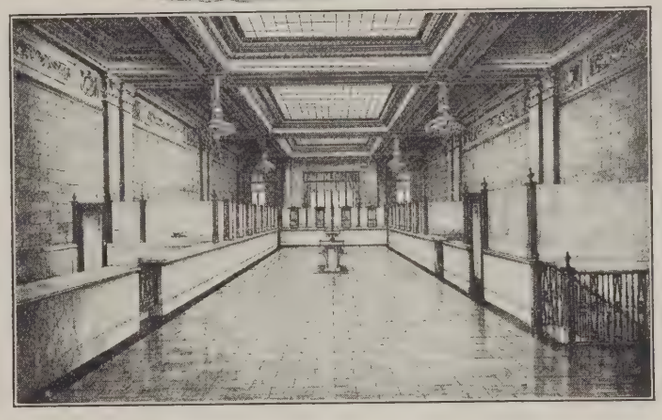
"As applied to the money which one has in bank, 'balance,' of course, is a word-picture of the difference in weight between the amount deposited and the amount withdrawn, translated into terms of money.

"And 'money' goes all the way back to *Moneta*, a surname of Juno, in whose temple at Rome money was coined, arriving in the English language by way of the French where we find it in such forms as *moneie* and *monnaie*."

"How about 'cash?'" I inquired. "That sounds more Oriental than it does Gallic."

"Yes, and a whole lot of so-called authorities have been misled by the fact that the Chinese *ch'ien*, the familiar copper coin with a square hole in the center so that it might be strung on a piece of cord, is called 'cash' by Europeans. But it isn't from this seventeen-for-a-cent coin that we get the word 'cash' but from the Italian *cassa*, a chest in which money was kept—a word analogous to the Spanish





# Waukegan National Bank

## *Waukegan, Illinois*

*Now being built and equipped by the St. Louis Bank Equipment Company under their Single Contract Method*

WHEN a bank's business outgrows the convenience and appearance of the building that houses it—then comes the time when a more imposing, more modern, more convenient building is essential—to evidence both the bank's importance in the community and its sense of civic pride.

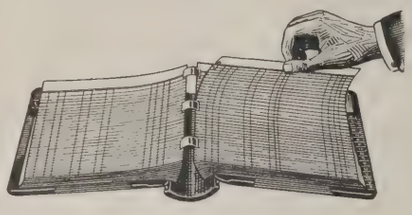
Under our Single Contract Method any banker may plan a building with the assurance that he will not be disappointed—in design, arrangement or final cost.

*Write for a copy of our illustrated portfolio showing photographic views of bank exteriors and interiors.*

**St. Louis Bank Equipment Company**

***Bank Builders*** **807-811 Walnut Street, St. Louis, Mo.**

**Proudfits**
**Carry No Dead Wood**



It's so easy to remove inactive accounts from a Proudfit Loose Leaf Binder that there is no temptation to allow your ledgers to get cluttered up with dead wood.

No need for a temporary binder. New accounts go in the ledger immediately, because it takes no time at all to do it.

**Proudfits mean Profits**

**Agencies in All Large Cities**

**Proudfit Loose Leaf Co.**
**17 Logan St., Grand Rapids, Mich.**

Inform yourself completely about CHEER before you buy any Savings Promotion Plan.

P. M. REED
111 West Washington Street, Chicago

**Complete Coverage**

is what you get when you advertise in The Burroughs Clearing House.

You have for an audience every Banker in the United States and Canada. Each banker receives his copy monthly.

*WRITE FOR RATE CARD*

The Burroughs Publications
Detroit, Michigan

*caja*, the Portuguese *caxa* and the French *caisse*. The application of the word 'cash' to money, however, is altogether English, as no corresponding term is to be found in any other European language.

" 'Cash' having been adopted instead of *cassa* (chest), entries in the 'cash-book'—which should be 'chest-book'—are made in a rather meaningless manner: 'Cash, Dr.' and 'Cash, Cr.,' whereas the chest and not the money is debtor for what is put into it and creditor for what is taken out. This has given rise to a considerable amount of trouble in courts of bankruptcy from the misuse of the word 'cash' in which large deficiencies often occur and would not be the case if the word 'chest' were used as it should be. Instead of the 'cash account' in the ledger, it should be the 'chest account' and the difficulties would then be obviated.

"Translating 'cash' into a term which comes much closer home, we have the word 'dollar' and, while the United States was the first country to coin the piece of money known as the 'dollar,' the word itself was coined long before, as evidenced by the fact that Shakespeare used it. In 'Macbeth,' for example, appears the statement:

> 'Nor would we deign him burial of his men
> Till he disbursed, at St. Colme's Inch,
> Ten thousand dollars to our general use.'

"This quotation, which bears a surprising resemblance to a modern strike order, proves that Shakespeare was familiar with the dollar, despite the fact that there were no coins of that name known prior to July 5, 1785, when the United States Congress passed the resolution referring to the first money issued by the new government."

"Then where did Shakespeare get the word?" I asked. "You're not trying to prove that he was gifted with the power of looking a couple of centuries into the future?"

"Hardly—and if he had been he would not have applied that particular term to the money to be disbursed at St. Colme's Inch. No, the answer lies in the fact that 'dollar' is an Anglo-Saxon corruption of the German 'thaler,' first coined about 1486 in the valley (or *thaler*) of Joachimsthal. The coin met with popular favor, and, during the reign of Charles V., Emperor of Germany, King of Spain and Lord of Spanish America, it became the standard currency of the world. Shakespeare merely adopted a slight change in the name, thus antedating both the United States and Great Britain—for the first and only English dollar was coined by the Bank of England in 1804.

"The English, of course, prefer their pound Sterling and, in explanation of the way in which this term came into common use, it might be well to quote Webster, Hollingshed and Camden, three of the foremost etymologists who have successfully traced the derivations of thousands of words.

" 'Easterling,' says Webster, 'was once the popular name of German traders in England, whose money was of the purest quality—thus showing the meaning of 'standard' or 'unadulterated' in connection with Sterling.

"Hollingshed refers to 'Certain merchants of Norwaie, Denmarke and others called Ostermanni or, as in our vulgar language we term them, Easterlings, because they be east with respect to us.'

"Camden's explanation of 'Sterling,' as applied to money, is: 'In the time of King Richard the First, monie coined in the east part of Germany began to be of special request in England for the puritie thereof and was called Easterling monie, as all the inhabitants of these parts were called Easterlings and shortly after some of that countrie, skillful in mint matters and alloys, were sent for to come into this realm to bring the coins to perfection, which, since that time, has been called of them 'sterling' from 'Easterling.' "

" 'Pound,' when used as in the phrase 'pound sterling,' has come down to us in this form because the pound was originally a Roman weight of silver, while the shilling or *solidus* was one-twentieth of this weight. But, as the shilling decreased in weight, the pound decreased also, being always the sum of twenty shillings. It wasn't until 1816 that the gold standard was adopted and the value of the pound in gold became fixed.

"No consideration of money," Jerry continued, "is possible without taking up the question of interest and here we find that, in nearly all languages, the word used to designate the amount of money earned by other money is one which has the primary meaning of 'fruit,' 'offspring' or 'increase.' Talbot, in his 'English Etymologies,' advances the theory that the word 'interest' is nothing more or less than a corruption of 'increase' or 'incress,' as it was formerly spelled, and that our ancestors lent or borrowed money at such and such a rate of *increase*. In support of this contention, Talbot refers to the King James version of the Bible where, in Ezekiel XVIII, verses 8, 13 and 17, the same idea is plainly apparent.

" 'Interest' made its first appearance in English in the sense of return upon a loan in an Act of Parliament in 1623 when it was declared to signify 'lawful increase by way of compensation for the use of money lent.' The same Act fixed the lawful

nterest rate at 8 per cent—'per cent' or *percentum*) being one of the terms ve have borrowed intact from the Latin where it means 'by the hundred.' Our word 'cent' also comes from the ame root, being one one-hundredth part of a dollar, while the British penny' is Teutonic in origin, being nly a slight change of the German *pfennig*."

"What about 'budget?'" I inquired, as Jerry paused for a moment. "There's a word that banks are using a lot these days. Has it any connection with budge?'"

"Only the fact that the first five letters are the same," was Jerry's reply. "'Budge' is an English colloquialism, a corruption of the French *bouger*, to stir or move, and also akin to the Persian *bojat*, which has the same meaning. There's also a kind of fur, prepared from lambskin dressed with the wool outward, that is called 'budge' and here we get a trifle closer to 'budget,' derived from the Latin through the French.

"In Latin we find the term *bulga*, meaning a bag, which, in French, appears as *bouge*, with *bougette* as the diminutive, a pouch. Before banks became so widely and favorably known as they are today, it was the custom to keep one's money in a sack or bag and the *bougette* was the favorite safe deposit vault of the French peasant. From it he would take, from time to time, the money necessary for current household expenses and the term, like many others, found its way across the Channel and was adopted in England with a slightly simpler and more phonetic spelling.

"In order to make up a budget it is necessary to do some calculation, but there are few who speak of 'calculation' who realize that the literal form of their speech carries them back to the period before the Christian era when pebbles or *calculi* were used as units in counting, just as the word 'ostracism' harks back to the days when the Greeks used shells (*ostrakon*) as counters in their voting."

"That," I said, glancing at my watch and finding that it was past the time when I would have to put a stop to Jerry's rambles among words, interesting as they were, "will have to be all of today's lesson. If I don't get back to the office I'm likely to lose my job."

"'Job,'" came the echo, precisely as if one had dropped a language-coin in the slot. "Did you ever read what Southey said about 'job?'"

Edging toward the door, I shook my head. But there was no deterring Jerry. He was riding his hobby and he refused to give an imitation of the Prince of Wales.

A moment's search brought to light the book he was seeking and, after





IN many cases the monthly statement is a bank's one point of contact with depositors. For that reason, the statements should properly reflect the standing of the bank. To employ a cheap paper for statements, is mistaken economy.

TYPOCOUNT Linen Ledger—the same paper that is so generally used for machine bookkeeping—is also made in a lighter weight which is recommended for bank statements. The cost will be slightly more than for ordinary paper, but increased improvement in the appearance of the monthly statements will more than justify the use of TYPOCOUNT.

TYPOCOUNT has the required strength to stand repeated handling, also the stiffness to stand upright in the Tray Binder. It can be "snapped" out of the machine without showing wear or tear. It insures clear, sharp impressions.

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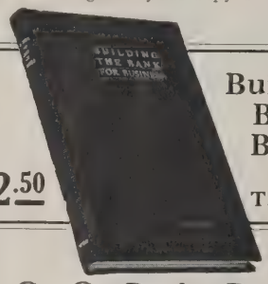
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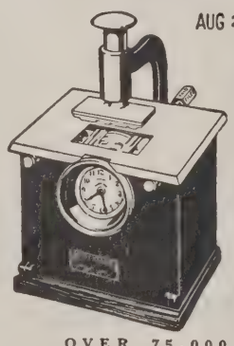
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turning a few pages hurriedly, he read: "A job in the working or operative sense is evidently something which it requires patience to perform. In the physical or moral sense—as when, for example, in the language of the vulgar, a personal hurt or misfortune is referred to as 'a bad job,' it is something which requires patience to support. In the political sense, a 'job' is something which requires patience on the part of the public to endure—and in all these senses the word may be traced to Job, the proverbial exemplar of this virtue.'"

I was out of the door by this time, but Jerry's voice followed me with his final comment: "But what Southey failed to point out is that it is not the job-holder who holds the place of Job, but the public."

## Why Invite the Crook to the Lobby?

(Continued from page 12)

it did suddenly, I went over to the bank as usual and made a feint at writing at one of the desks where I had seen a man who I knew carried a large account, writing. Sure enough, there was one of his fully signed checks on top of the desk. I picked it up and strolled outside to a telephone. I called up the bank, asking for the teller I knew handled the account. I inquired as to the state of Mr. So-and-So's account, naming the depositor, and was told that a check for $125 signed by him would be O. K. It was made out to cash and I indorsed it and got the money.

"OF COURSE I was known in that town and had to leave. I intended to do that anyway as my welcome was about worn out there. But that first experience opened up new and greater possibilities for an easy living. I tried the same thing in the next town, only I hit the careless depositor's account for $250 and got it without any trouble although I was a perfect stranger. A glance over the shoulder of the depositor at his open bank book and deposit slips furnished me with an index to the size of his account and when he left a signed check behind that was defective only in date, I went outside and telephoned the bank that I was sending one of my customers with a check and it was O. K. I posed as the depositor and it worked. I got the money without any trouble and left town.

"For ten years I worked this system with variations and with the proceeds lived in style and had money to burn at the race tracks and on automobiles. I did not do much digging into waste-baskets because that was too risky in plain view of the floor officer and other bank employees. And besides, I found plenty of loose, signed checks around wherever I went."

"I did so much looking over the shoulders of writing depositors that I trained my eye to remember signatures. I got so adept I could remember signatures for months. I recall returning to several towns months after my first visit there and forging signatures I had seen only once at the time. My forgeries were so good that even the depositors were loath to swear that they were not their signatures. I even took one forged check on a business man to his own office and had it cashed. It happened that I knew the situation in his office because I had had dealings with him and that helped expedite the transaction. It was due to this knack I got the name 'Camera Eye' which, I see, is one of the aliases they have attached to my record in the prison here.

"My record is pretty fully covered in an issue of the *Journal of the American Bankers Association*, published in the late fall of 1923.

"In all the years I worked I was never near arrest. I came up to Duluth to settle down and raise pedigreed dogs. I bought the dogs with money obtained on forged checks. Somehow an accurate description of me was furnished by one of the banks I had defrauded. I have had a very obvious lameness all my life and a peculiarity of speech. I walked into a Duluth bank to cash a genuine check; the teller recognized me from my description and had no trouble in catching me because I could not run. I was sent up for ten years.

"As near as I can remember I operated against 1,200 banks in ten years. I have taken more than half a million from banks, all of which would have been impossible had depositors been less careless and had banks observed more caution. I might add that never once did I see a sign in a bank warning depositors against careless use of the writing desks and cautioning the public to destroy all spoiled checks. Such precaution might have upset all my early plans."

The other criminal referred to at the beginning of this article worked in precisely the same way but instead of limiting himself to checks in three figures, as his co-worker did, he wrote them in four and five figures. His largest check was for $15,000. He bragged to the police that he could go into any town they named, a stranger, and in twenty-four hours come away with at least $12,000. Once by a single operation he closed a small bank.

In a confession which he made to bank detectives in Arizona he virtually paralleled the story related by the man in Stillwater. He asserted he had a conscience, and, in support of it, narrated that once in a Southern California

bank he passed a check for $1,200 on a woman teller who appeared to be beyond middle age. She explained to him that the bank assessed all losses caused by tellers against the tellers. When he reached his hotel he put the proceeds of his operation into a shoe box and mailed it to the bank with a note explaining that he felt sorry for the old lady.

Some progressive banks have already adopted measures to correct the carelessness of depositors. They have issued printed instructions to their floor officers with these directions:

"Watch the writing desks in the bank lobby closely. When a customer has finished at a desk see that no papers are left behind. Papers that are found should be burned or torn into small bits.

"See that depositors do not leave behind bank books or check books. If such articles are left, put them into envelopes and turn over to the teller handling the account.

"Observe strangers in the bank and report any one found rummaging in wastebaskets or examining writing desks.

"Caution depositors who are in the habit of writing so that others may observe what they are doing, of the danger in that practice.

"Do not fail, however, to observe the utmost tact in dealing with persons who come to your attention while following these directions."

OTHER banks are educating their depositors by means of neat and courteously worded signs posted over desks and by printed slips sent out with monthly statements, bank letters and advertising matter. Signs such as this one are beginning to appear:

This bank takes every precaution to protect its customers against fraud. Your co-operation in observing the following precautionary rules will prevent losses to yourself and this bank:

Do not scatter bank books, checks, deposit slips and other private and valuable papers about writing desks where they may fall into unauthorized hands.

If, in writing checks and deposit slips, you spoil them, tear them into small pieces and throw them into waste baskets or carry them away. DO NOT CRUMPLE SPOILED CHECKS OR DEPOSIT SLIPS AND THROW THEM AWAY.

Observe the same care in handling checks that you would in handling currency. Currency is good for its face value only. Your check can be raised, forged or altered for any amount.

Educational campaigns like these are strictly in accord with modern methods of crime prevention and not only reduce losses, but remove temptations and impress bank customers with the desire of the bank to throw every safeguard around their transactions. And this inspires customers with greater confidence in the bank and builds lasting good will.




# Do you turn them *face downward?*

How many times have you been reading letters of a very private nature at your desk when someone rushed in on you?

You do not want to turn them face downward but still—many times you must, to conceal private facts from inquisitive eyes. It is an embarrassing action on your part and a great many times secretly resented by callers.

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The advertisement of your bank WILL NEVER WASH OFF the cake of soap. Your message will be seen several times each day.

Beacon Advertising Soap offers an effective, positive, useful and economical way of telling your story. It also builds up good will because it renders a service.

Ask us now for samples, prices and information about Beacon Advertising Soap. There is no obligation attached.

**BEACON SOAP COMPANY, Inc., 19 Main St., Beacon, New York**

# Try It With Light, Action and Color

## How to Apply First Principles to Arrest the Attention of the Passer-by; the Message in Your Window Must Do the Rest

*By* CARL E. SCHIFFNER
First Trust and Savings Bank, Chicago

YOUR bank's windows—how about them? Are you capitalizing their business building possibilities, and if so, are you getting full value out of them? Window shopping has long been counted a favorite pastime by quite a number of people. Do your bank's windows attract them? All people, when passing through a business district, are consciously or unconsciously impressed by window displays. Are your windows effective enough to make that impression lasting?

Merchandising experts say that attractive windows are one of the most effective ways of obtaining sales. This being so, surely the windows of a bank are worth the time, thought and money necessary to make them attractive to a point where they will sell the bank and its services to the passer-by.

Bank window advertising is still in its infancy. Much pioneering is still to be done, and the bank advertising man who wishes to confine the displays in his bank's windows to advertisements of his institution has a doubly difficult problem. However, if he will give this matter a little time and some serious thought, much can be accomplished.

Arrested attention is the beginning of a sales presentation. In other words, you have to stop your passer-by before you can hope to get your message to him. In window advertising there are three effective methods of arresting attention: light, action and color.

Without light, the window display is, of course, without value, and with insufficient light it is little better. The fact that a great many bank windows are deeply recessed makes the question of sufficient lighting doubly important.

In the First Trust and Savings Bank, of Chicago, each of its four, twelve-foot-wide windows is equipped with three center-spot-beam flood lights with 250-watt lamps. These lights are mounted directly above the display space, one light being placed at either end and so focused that the rays from these end lights cross each other in the center of the window. This arrangement diffuses the light, causing it to flood not only the display, but a considerable space in front of the window. As the feature attraction of the window is usually in the center, the third light was placed above this point and its rays directed downward. Gelatin shades constitute part of the lighting

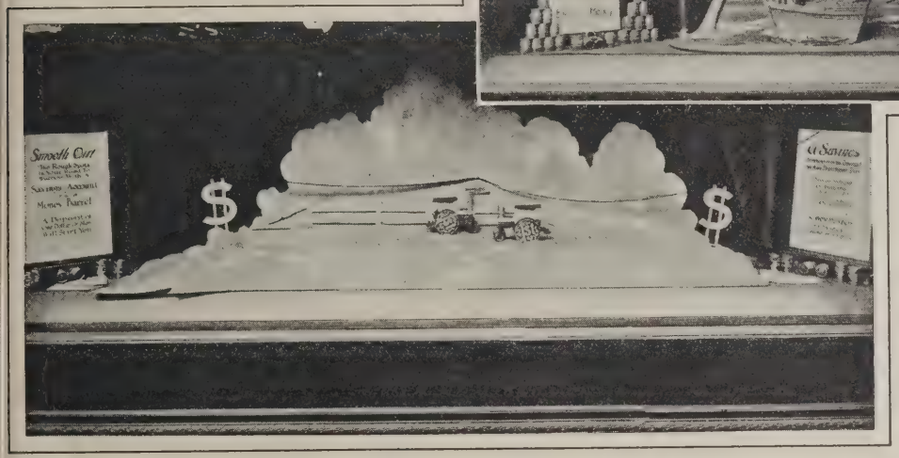


equipment and permit a variation of colored light. Three electric current outlets in the interior of these windows facilitate additional illumination and supply current for the operation of action displays.

Having provided for this important matter of lighting, the next problem naturally is how to compel attention to the advertising matter within your window. From infancy the average individual has been attracted by action—his desire to "see the wheels go round" continues all through life. Not only does action attract attention to your window advertising, but the action display is likely to leave a more lasting impression than any other.

In order to procure the full benefit of action displays, motion should concentrate attention, as far as possible, on the particular thing advertised. To bring out this point and to show the practical application of action displays to bank advertising, attention is called to the pictures of the windows of the First Trust and Savings Bank, used to illustrate this article.



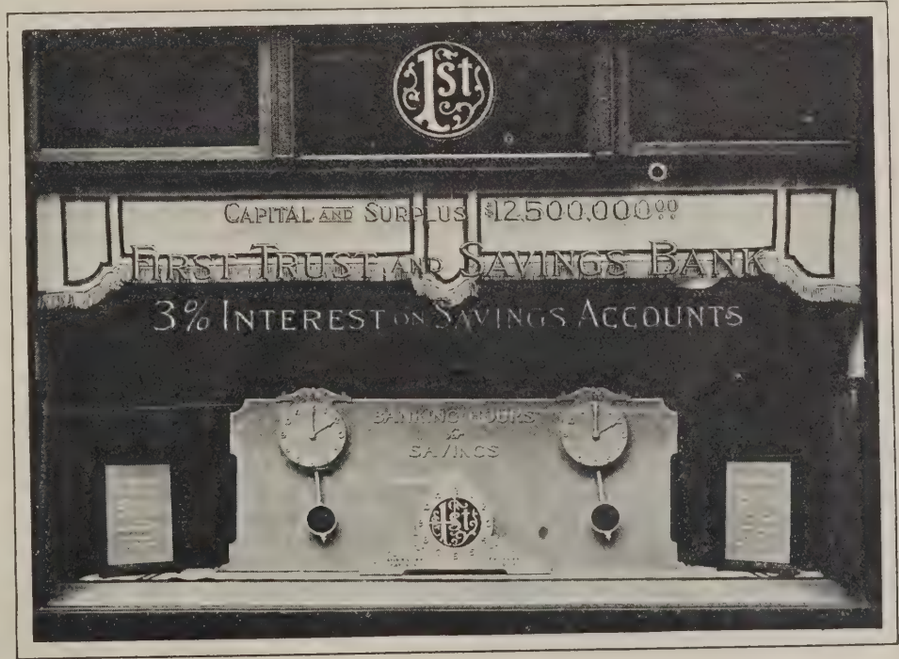




THE clock window was used to emphasize banking hours. The hands of the two smaller clocks travelled from nine to two and back again, calling attention to the hours during which the savings department was open on all business days, with the exception of Saturday, when the hours are from nine to eight, as was indicated by the third and larger clock, the hour hand of which travelled from nine to eight. The backward motion of the hour hands naturally excited curiosity which prompted people to stop and figure out what it was all about; in that manner the hours of the savings department were strongly impressed on the observer.

One of the first mechanical displays which this bank used was an advertisement for the money barrel, which the bank issues to its depositors. The display showed a stretch of country road on which two steam rollers were moving back and forth, "Smoothing out the rough spots in the road to success." These steam rollers were built of the money barrels, which were being advertised, and pass books were used to form the cab.

An interesting display was a globe which had been cut in two and a mechanical arrangement attached to make it open and close. Within this globe was displayed a savings pass book, while beneath the globe was the wording, "A World of Opportunity is Open to those who Save."

ANOTHER effective action display was built around the idea of the buried treasure of pirate days. In this display a pirate ship was rocking at anchor a short distance from the shore on which lay, partly buried in the sand, an iron-bound chest, the top of which was filled with silver coins of various denominations. The cards of this display said, "There is Buried Treasure in the Nickels, Dimes and Quarters in your Pockets. Put your



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**Allsteel Desks**

**Appearance** — Rich, baked-on enamel, olive green or mahogany. Bronze trimmed. Wear-resisting, stain-proof dark green linoleum top.

**Utility** — Drawers operate smoothly—noiselessly. Files of all sizes may be fitted in drawers. Automatic central lock.

**Long Life**—Desks indestructible. No warping, marring or checking. No sticking of drawers.

**Complete Line**—Roll top—flat top—typewriter—single or double pedestal.

**Reasonable Price**—Prices no higher than for high grade wooden desks.

*Shelving, Files, Desks, Transfer Cases, Safes, Counter-heights, Sectional Cases, Accessories and Supplies.*

The General Fireproofing Co.
YOUNGSTOWN, OHIO
Dealers Everywhere



Treasure to Work here where Safety, Service and Convenience are assured Savings Depositors."

Action displays, however, are too costly and difficult of preparation to justify their continuous use, and it is then that color does its work. Great care must be exercised in the use of color, as a bank's windows must, in addition to attracting attention, carry a tone of dignity and richness. A set of velour background drapes in a neutral color will do much toward giving the display tone. Colored lights, colored illustrations and spots of color, such as initials, colored rules or panels on cards, all serve to draw the eye to the advertising matter.

Tangible results from window advertising, like returns on all other forms of bank advertising, are difficult to trace; still there are numerous evidences of the fact that window advertising pays. One of the early windows which the First Trust and Savings Bank used, advertised a list of bonds selected from a larger list published in the newspapers at the same time. The display had been in the window but a comparatively short time when a man walked in from the street and made inquiry of one of the salesmen regarding some of the issues offered, stating that he never knew that the institution handled that particular class of securities. On another occasion advertising a new booklet which the Trust Department was distributing relative to the "care of securities service," brought in an inquiry which resulted in the depositing of securities, and the naming of the bank as trustee under the individual's will was virtually assured.

FURTHER evidence of the value of window advertising is the almost continuous comment regarding the displays. For the most part the remarks were very favorable. An outstanding exception to this rule was the criticism of a window display in which a lighthouse was used to emphasize safety. A vice-president of one of our neighboring banks contended that a lighthouse was used to warn the seafarer of danger, but when his attention was called to the fact that this was but the minor function of the lighthouse and that its true purpose was to guide the ship to a safe harbor he withdrew his criticism.

Quite frequently comments regarding displays are also amusing. After the steam roller display, mentioned above, had been on exhibit for some time, an acquaintance of one of the bank's officers stopped at his desk and made this comment. "It is very evident that you fellows are better bankers than paving contractors, judging from the amount of time you have required to complete the job of 'smoothing out the road to success.'"

On another occasion a depositor approached one of the employees and accused the bank of destroying one of his childhood idols through a window display. It seemed that this depositor had been an ardent admirer of Captain Kidd and in his boyhood was much enthralled by the stories of his adventures. "Do you know," he said, "I always had the idea that Captain Kidd was an extraordinarily rough and blood-thirsty individual, but judging from the loose change which filled his treasure chest, it is apparent that he was little more than a 'nickel-snatcher.'"

WHEN people voluntarily comment on your window displays, it is prima facie evidence that they are talking about them to their friends. What better advertising medium could any bank want?

In an analysis of the value of floor space in a retail store, recently made by one of the leading mid-western newspapers, it was found that 2 per cent of the floor space in the average store was devoted to window display, and that the sales directly traceable to these displays paid 12 per cent of the store rent. This is further indication of the possibilities of window advertising and a conclusive agrument in the consideration of the effective use of bank windows for selling the bank and its service to the public. No matter whether the windows of your bank are twelve feet wide, as in the case of the First Trust and Savings Bank of Chicago, or only one-quarter that size, if they are so located that the interior is visible to the passer-by, those windows, with proper illumination and attention, will carry the bank's message to the public eighteen or more hours each day.

## The Star of Hope in Foreign Trade

(Continued from page 8)

extraordinary size. Abroad the situation is changing in a contrary sense. Exclusive of Russia, foreign countries produced an average of 7,000,000 bales from 1910 to 1914, but this year they will probably produce 9,000,000. Whereas we produced 65.9 per cent of world cotton in 1908, we had only 55.3 per cent in 1922-23. On the other hand our consumption has increased from 23.9 per cent of world consumption in 1908 to 30.8 per cent in 1922-23. This is not a change that is taking place overnight, but it is one that is proceeding with inexorable finality. Our cotton is produced under high-cost conditions, on land that has been used hard. In many countries of the world virgin cotton land awaits abundantly, high prices are stimulating

production and foreign nations are determined to leave nothing undone to free themselves from dependence on us.

What is true for cotton is true for refined copper. We are today not self-sufficient. Consumption of copper in the United States in 1921 was 917,670,000 pounds; in 1922, 1,074,525,000; and in 1923, 1,465,900,000. New uses for the metal continually appear and in a few years our resources must be impaired. Of mineral oils President Coolidge recently stated that, at present production, we had sufficient for only twenty years; Sir Richard Redmayne, the British mining expert, gives us only ten years. Wheat suffers handicaps. The Americanfarmer's capital investment on a basis of $200 an acre is nearly four times as great as that of the Manitoba farmer, and more than four times as great as that of the farmers of Saskatchewan and Alberta; the average yield in Canada is higher than in this country with a superior product in the three provinces mentioned. Moreover, less than 25 per cent of the arable land in the three Canadian provinces is under cultivation, and over 25,000,000 acres, some 3,000,000 more than now under cultivation, lie within fifteen miles of railroads and can be bought on easy terms for $18 an acre or less. Argentina and other countries offer more unfavorable comparisons. We are high-cost producers, and only world-wide shortage has brought fair prices to our farmers this year. But this is a temporary situation, and we must face the fact that normally we cannot compete with low-cost countries.

MORE important still, in a very few years we shall not have products with which to compete. Exhaustion of our supplies and steady increase of our own needs are two factors that cannot be compensated, and it is impossible to turn back the hands of the clock. President Coolidge in his recent address before the Association of Land Grant Colleges said: "We are not nearly a generation ahead of the time when our country will witness a reversal of its relation to world agriculture. I mean that in a very few years the natural increase of population and the inevitable tendency to industrialization, will place us among the nations producing a deficit rather than a surplus of agricultural staples. Even today, if in making up our balance sheet we include our requirements of coffee, tea, sugar and wool, we already have a considerable agricultural deficit."

Taking the 1910-1914 average of $477,000,000 as our favorable merchandise balance, it is obvious that any material reduction in these four items alone would suffice to give us an unfavorable balance on merchandise account, and in the absence of adequate manufactured exports or invisible credits this would mean gold shipments, restricted business and other unhappy conditions in this country. Therefore, the credit we are piling up abroad in the form of loans may well be of inestimable value to us in the future, although increase in exports of manufactured goods is our real star of hope.

It requires no further evidence to show that our entire national economy is changing, and that our export trade is being placed on a highly competitive basis. Nevertheless this export trade is vitally necessary in order that we may obtain needed supplies of raw materials for both domestic and foreign trade, and prevent that drain on our gold supplies that an unfavorable balance of payments would bring about. The way lies clearly and distinctly before us. We must intensify and broaden our foreign selling and distribution of manufactured products. That we can do this there is not the slightest doubt, basing this statement on what has actually been done and what is being done today.

Contrasted with ten years ago, producers of the United States now know what foreign trade means and that it is a vital necessity for them and the citizens of this country. The merchant or manufacturer knows what foreign trade can do in the way of removing seasonable dips from his




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### *"What Over-Borrowing Does to Industry"*

There is $3,800,000,000 of borrowed money used in our industries that ought to be replaced by permanent capital. But how? By private enterprise? By government enactment? Or by combina- of the two? At present there's no solution because industrial securities are speculative — not safe and sound enough as investments to provide the required capital. It is a problem big enough to command the attention of all the banks. Read Clinton E. Woods' analysis of the subject in the February issue.

### *"Phantom Gold"*

Another of the extraordinary exploits of Director Clutchbill and his able disciple John, cashier of the Ferndale National Bank. Fred Copeland, the creator of these village financiers in humorous fiction, is at his best in this one.

### *"Do Depositors Respond to Mailing"*

Experience with dormant accounts in Roanoke which upsets a few accepted theories. You'll find all the figures and their interpretation next month.

### *"The Menace of Stolen Securities"*

Discussion of a phase of crime and its prevention the responsibility for which the banks are prone to elude unless they suffer losses directly.

## NEXT MONTH

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business by providing orders durin slack times. He also knows its value i reducing overhead and unit costs, and frequently, in providing that addi tional percentage of turnover tha means profit. He also knows that steady increase in plant, with its inevitabl excess of production over consumption can only be compensated by foreign sales. American business today i geared up with two great activities foreign and domestic trade. Decrease in the weight of either produces los motion, waste, discouragement. They are the absolutely essential comple ments in the life of a great nation such as we have finally become.

Throughout the world today Ameri can enterprise, organizing genius, capital and American need are slowly removing the mountains of impediments and racial prejudice that obstruct progress. Great names are being written in the Hall of Fame of our foreign trade. Unyielding is the advance, unconquerable the spirit. In fifty years we shall look down from a mountain of achievement and all other nations will be merely moving in the valleys. We shall win and we *will* win.

EVERY business man in the United States should realize two great facts. The first is that the war is over, the second, that the post-war boom for many lines has ended, for others is drawing to a close. No form of business magic, government action or speculative and inflationary tactics can relieve us, for any length of time, of the necessity of climbing down from the clouds and walking on the surface of the earth. We need every penny of tax reduction, economies of management, labor, overhead. Not so that corporate surplus and dividends may be increased, more money be available for investment or for spending. But in order that we may reduce prices and be prepared at home and abroad for a period of competition, which will tax to the utmost the strength and skill of our strongest.

## The Central File That Centralizes

(Continued from page 15)

department, one to the savings, etc.

Branch office records are simply taken from the daily report lists to the file and straight from the change of name or address slips. A careful check of the "open" and "closed" files is made before typing the branch office file cards to take care of combinations and office duplications.

The daily prayer of the central file department is to get the correct information needed for its cards from the branch offices and the various departments of the main office and then to type and file this data correctly. If a South Akron office teller opens an

account for John C. Rearick as J. Rearick and the typist in that office reports it as J. Reauck and the clerk in the central file department misfiles it, this particular item in the central file is almost 300 per cent worse than nothing.

IT IS very essential that names of customers opening accounts be typed or printed when the name is given to the teller or the officer who opens accounts. It is essential, too, that the names be "called back" to the patrons for their pronunciation. By these methods only will the names be found in the various departments and the central file correctly spelled. It is also important that names be completely reported as given—not "J." when the signature shows "John C." Mistakes like Yawnavich for Janovich, Keml for Kenel, Lorris for Lewis, Lantzenhiser for Lautzenhiser, the surname Frank for Traub, Jacob for Jacot, Daniel for Daniels, the initials C. K. for C. R., Davis for Davies, Honto for Houts, Mitchel for Winchell, Roulic for Pavlic will reduce the efficiency of a central file department to a minimum.

Most mistakes like the ones quoted are the tellers', not the typists'. In some of these cases the teller has not asked to hear the name pronounced, in others he has reported the account in handwriting instead of printing. In one case, at least, he just didn't understand Polish.

Joint accounts always should be listed by the teller as joint and changes to joint accounts should be passed in to the central file department. Otherwise, when a V.-P. calls in some bright morning for the account of Clara J. Jones the reply will be that there is no such account in the bank. As a matter of fact, two months before an account had been opened for John C. or Clara J. Jones, and the teller failed to report the account other than as John C. Jones. Some tellers still seem to think that the status of women on joint accounts with their husbands is about on a plane with their political privileges before they had the vote.

If a bookkeeper makes a mistake, she soon discovers it and can check for the error and correct it. If the central file makes a mistake, nobody is the wiser. The mistake may be a wrong spelling by the teller or the typist or a misfiling, but into the file it goes. Sometime, a month or six years from that date, an officer will be told that we have no account for a certain person when we do have. Or we'll write this person a letter addressed to the wrong name-spelling. Or we'll get him on a mailing list we shouldn't have him on because he has other accounts—ad infinitum. Bad business and a waste of money.

We do not take addresses and information from the city directory without stating the source. Seldom, if ever, do we allow directory addresses to be used on accounts. We may use directory addresses for mailing lists where we have received returned mail. The city directory, however, is used constantly in connection with the file when added or supplementary information is needed. Here is a credit inquiry for Mrs. John Doe. When the file fails to produce Mrs. John Doe, a directory search shows that she is Clara A. Doe. Oh, yes, we have her account under Clara A. Doe, at the same address. Our central file and the city directory make a nice little detective force all our own.

IN THE original compilation of C. F. cards from the bank's records, the greatest care should be exercised to get the card records correct as to name spellings, joint accounts and addresses. It is jolly to feel that all the records in one's bank are in No. 1 shape, but occasionally, quite the contrary will prove to be the case when transcribing a C. F. from the existing records in departments.

Here we'll elaborate a little upon our statement that a card isn't a central file card until it really centralizes all information—a card isn't a central file card until it is correctly spelled.




How about a bank magazine individualized and named by yourself suitable for all departments of your institution, at an amazingly low cost?

P. M. REED

111 W. Washington St., Chicago

"O wad some power the giftie gie us"
To see a name as it's given to us.
Also the address.

The bank considering installation of a central file well may question the value of such a system in the face of the time and effort required to institute and maintain it. There is no denying the fact that an efficient central file is a department in itself. Painstaking work and ceaseless vigilance are required to keep it in working order. In addition, the file takes the co-operation and therefore the time of every individual in the bank to greater or less extent. With these considerations in mind, the bank about to start such a file asks, "Does it pay?" The answer

(Continued on page 56)


DEPOSITS
Date July 18
NEW LEDGER BALANCE
TRANSACTION
OLD LEDGER BALANCE
PROOF OF POSTING TO CORRECT ACCT
PROOF OF POSTING CORRECT AMOUNTS
ACCT No
PICK UP OLD BAL
DEPOSIT
400.00 BAL 200.00- 200.00- .00 BAL 123 200.00 200.00
500.00 BAL 100.00- 400.00- .00 BAL 136 400.00 100.00
560.00 BAL 15.00- 545.00- .00 BAL 181 545.00 15.00
610.00 BAL 50.00- 560.00- .00 BAL 214 560.00 50.00
660.00 BAL 50.00- 610.00- .00 BAL 297 610.00 50.00
375.00 BAL 125.00- 250.00- .00 BAL 404 250.00 125.00
475.00 BAL 100.00- 375.00- .00 BAL 414 375.00 100.00
OPERATION 1 2
3
4
CLEAR
Henry White,
1157 First St.
414
DATE
WITHDRAWAL
DEPOSIT
INTEREST
BALANCE
JUL 3 '24 250.00 250.00 BAL
JUL 10 '24 125.00 375.00 BAL
JUL 18 '24 100.00 475.00 BAL
1
2
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2—With each posting, it furnishes absolute proof of posting of right amount.

3—With each posting, it furnishes absolute proof of the extension of correct balance on account affected.

4—When system in use involves handling new pass book balances, it furnishes absolute check, with each posting, on differences existing between Pass Book and Ledger Balances.

5—Posts ledger and journal—both originals—at the same time.

6—Creates a journal of real accounting value.

7—Automatically posts and completes all entries on the ledger card without any attention on part of the operator.

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"We have lately installed in our Savings Department the latest model of your bookkeeping machine. We handle the posting on 11,000 savings accounts, and we are convinced that the machine will take care of twice as many accounts without the addition of another clerk in the Savings Department."

—Mr. John T. Benz, Vice-President, Fidelity Trust and Savings Bank, Chicago.

"We do not hesitate to recommend the purchase of a Burroughs Savings Posting Machine to any bank and extend an invitation to any purchaser to inspect our method of posting savings accounts."

—Mr. F. J. Greiner, Secretary, Pearl Street Savings and Trust Co., Cleveland.

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Business .....

Address .....

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is: To our knowledge, those banks that have maintained good filing systems for information, can not and would not do without them. This is especially true if there are branch offices. The central file, in connection with the promotion of new business, is worth while, in actual dollars and cents, to the bank that maintains it—if the file is kept to the minute, as nearly 100 per cent correct as it is possible to get it and then is thoroughly used.

The calls to the file are so varied that it is impossible to set down in writing just what they are. The ways to use a central file in connection with the extension of business also are so varied that only each bank can determine for itself these uses. Nevertheless, some examples of uses and information asked are given here.

THE telephone rings. "This is the Peoples office," says a voice over the wire, "I have ten checks" (meaning checks drawn in error on that office): "Jane C. Doe, John M. Jones, T. M. Smith, Mrs. Ada Jones, Thomas M. Brown, Clara Stone, H. M. K. Alexander, E. T. Bones, Alfred R. Thomas and the last one might be Anna T. Thomas or Thoman—it is quite illegible."

Answer: "Jane C. Doe, T. M. Smith, Mrs. Ada Jones, Thomas M. Brown and H. M. K. Alexander belong in the main office, John M. Jones in the East Akron office, Clara Stone in the North Akron office. E. T. Bones we do not have. Alfred R. Thomas has no personal account but signs on "The Smith Realty Co." in your own office. The last one undoubtedly should be Mrs. Anna T. Thaman and should go to the South Akron office.

Enter the assistant head bookkeeper with twelve checks drawn in error on our office. He receives information similar to that given above.

Here comes a clerk with twenty credit inquiries. "In what office do these people carry accounts, if any, and what accounts do they carry?" The Central File Department answers.

Here is a check that looks like a forgery. The question is, "Do we have another account by the same name in one of our branch offices?"

A V.-P. calls. "What accounts have we for John C. Jones?"

An assistant treasurer asks for the accounts under the name of an old resident whose death we noted in the daily papers a few days before.

A commercial bookkeeper wants to know: "Which address is right, the one we have on the ledger for C. J. Smith or the one the statement carries?" The central file is supposed to be authority on addresses.

The telephone again rings. "This is savings teller No. 10. We have a credit for Mrs. T. J. Smith, savings No. 84,000. That is not the name for our account No. 84,000. What can you tell us of this account?"

Answer: "That is savings No. 84,-000 in the Peoples office and should be sent there."

This may happen: a lobby man calls in, "What do you know about a certain name?"

Reply: "He carries such and such accounts in this office and was reported a month ago to just have been released from the penitentiary."

This last, of course, is rather unusual but when such information comes our way it is noted on the card under the authority of the person giving it.

In fact, on very rare occasions information has been asked us concerning the whereabouts of murderers.

Court inquiries as to whether defendants, in divorce or other cases, have accounts in any of our offices, all come to the central file.

This general information dispensed by the file is only one phase of its use.

It is my opinion that it is absolutely impossible to compile an intelligent mailing list, whether from a present customers' list or a prospect list, without the use of the central file. It is necessary to check against the central file to ascertain the accounts already carried by the customer or to find out if the person addressed is a customer. This checking is especially necessary if there are branch offices.

The same is true of contests for new business. Any letter or approach that deals with peoples' money has to be handled with special care. To solicit the account of a person who is already a customer is a great offense. Only a central file will produce the correct information in all cases in such instances.

It is impossible, too, to write letters acknowledging new accounts intelligently unless one has a central file against which to check before mailing. Otherwise, the bank would welcome as a new depositor a man who had closed a savings account two weeks previously or carries an account in another department.

There are many central filing systems in use among banks. There are many kinds of information included in these various systems but the purpose of any central file is to gather information and then give it where required.

## It's a Fact

AN official of the civil service commission says that even the grave members of one examining board were amused by a certain answer in a set of examination papers.

The question was: "Give for any one year, the number of bales of cotton exported from the United States."

The answer this applicant wrote was: "1492, none."—*Harpers.*



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IN THIS ISSUE

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COST OF ACCOUNTS; TREATING INACTIVES

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*"Facts at a Glance"*

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*Name*.....

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## *The Editor's Indorsement*

LATE in 1924 there appeared in *Commerce and Finance* two brief but extraordinarily interesting expositions of the subject "What Most Balance Sheets Don't Tell"—how a great many industries, in need of working capital, overstep the bounds of strict honesty a little while putting their best foot forward to obtain bank loans for their business. Expediency demands that they "doll up" their financial statements and omit some of the vital figure facts that the banks—and stockholders, too—ought to know about their real condition.

We wrote the author, Mr. Clinton E. Woods, of Clinton E. Woods & Company, industrial engineers of Philadelphia, asking him to review and elaborate on the subject in this magazine. His reply, which you'll find in this issue, begins at the beginning instead and presents the condition confronting American industries that obliges them to borrow and over-borrow enormously and, in the process, sometimes to misrepresent in order to survive. The cause, Mr. Wood says, is the instability of the market for industrial securities. The industries are driven to borrowing—a total of nearly $4,000,000,000 that ought to be replaced by permanent capital—because their securities cannot be regarded as sound investments in the market—with a few notable exceptions, of course.

"Of $48,000,000,000 invested in American industries, about $12,000,000,000 is non-profitable and can only be reflected by very low security values," Mr. Woods says here. "Tied up in this non-profitable investment are, in all probability, something like $3,000,000,000 of bank funds that have an average security of perhaps twenty-five cents on the dollar. I make this statement as an opinion, not as a supported fact, feeling that it is just at this point that our banker friends may find occasion to start something, even if it is nothing more than to tell me I don't know what I'm talking about."

By way of clinching his argument, he says further:

"Fifty per cent of our 350,000 manufacturing concerns have never paid a dividend. Approximately 50 per cent of our industrial enterprises fail sooner or later. The failure turnover comes in about one-quarter of the total invested capital of $48,000,000,000. That's $12,000,000,000 invested in non-profitable enterprises and in constant jeopardy of liquidation at ten to thirty cents on the dollar. And 3,000,000 of the total 11,000,000 people employed are constantly confronted with the necessity of getting a new job through no fault of their own."

Precisely how the corrective for this condition should be applied is the perplexity that the author throws in the ring. He doesn't know. It's a problem worthy of the best efforts of all the banks. Frankly, his purpose is to start something in the direction of solution.

Mr. Woods deserves a hearing. He has spent thirty years in direct contact with industrial rehabilitation and reorganization. As a director of the National Bank of Commerce in Philadelphia and in his capacity as receiver for several large failures and a close association with the Chamber of Commerce of Philadelphia, he has had an opportunity given few men to study the financial weakness of American industry from both sides of the fence.

He has contributed six books to the business literature of management, accounting and operation in industry and four pamphlets entitled "Safety First in Bank Loans," "Analytical Balance Sheets for Industrials," "Labor Problems" and "Industrial Loans."


# The Burroughs Clearing House

HERBERT SHRYER
*Editor*

C. D. MACGREGOR
*Business Manager*

FEBRUARY, 1925
VOL. 9 NO. 5


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*Published Monthly in Detroit, Mich.*

THERE seems to be considerable confusion and discrepancy in the methods and estimates deduced by various banks in establishing the cost of accounts for the purpose of determining the minimum balance line between profitable and unprofitable deposits. The Citizens National Bank of Los Angeles, evidently believes that most banks have been tackling the problem from the wrong angle. This bank, instead of taking the expense account and trying to distribute it among the depositors, takes first the depositor's account and tries to estimate how much actual work would be saved if that account were closed. The first job is to find the actual out-of-pocket expense of running the account, and separating it from the overhead or general expense. Hy. W. Sanders describes the system in this issue with specific examples, using hypothetical figures.

Another unusual, efficient system is the four-unit automatic control of certificates of deposit devised by the First National Bank of Madison, Wis., outlined on page 25 by O. B. Lovell.

WE'VE been proud of the distinction of membership on the Committee of One that has stood out manfully against the rest of the world in the matter of the crossword puzzle. However, we know when we've had a word for enough in ten letters beginning with S. It's time to capitulate when the banks open fire. In self-defense we've been compelled to do the prize puzzle fed to the fans of Portland, Ore., by the Hibernia Commercial and Savings Bank, reproduced on page 18.

We defy the experts to produce words any crosser than "ort" and "etui." They're positively horrendus.

H. S.

# Now, This Finer Sedan At a Far Lower Price



*Three doors of standard sedan width. Easy and convenient for passengers to enter and leave both front and rear seats. Seating space, and leg space, for the comfortable accommodation of five passengers. The trunk at the rear is long and wide and deep. Its unusual luggage capacity is a great advantage in touring. Balloon tires, Duco finish in Hupmobile blue or beige, nickel radiator; nickel and enamel head and cowl lamps. Complete equipment.*

HUNDREDS of families are eagerly welcoming the Hupmobile Club Sedan, now that its new low price brings it so close to open car levels. One of the most popular Hupmobile types since it was first introduced, its favor is now growing by leaps and bounds. And why not? Who would deny himself and his family the comforts of a closed car as fine as this when those comforts can be had on such a reasonable investment? Here is a wonderful value—all the wanted sedan advantages, and in addition, the superior Hupmobile performance, reliability and economy which for years have been household words in America. Hupmobile builds it—with the staunchness and long life that have always been the special Hupmobile virtues. It is a beauty—rich in finish and interior trim—a closed car that will be a source of pride and satisfaction for years to come. In all the features which mean big return for your dollar, the value of this Club Sedan is not to be duplicated. The nearest Hupmobile dealer will bring this car to your door at your request.

**Three Standard Doors**

**A Car to be Proud of**

Vol. 9, No. 5 — The Burroughs Clearing House — February, 1925

# What Over-Borrowing Does to Industry

## Remove the Element of Speculation From Industrial Securities and We Might Divert to Permanent Capital $3,800,000,000 That's Now Borrowed

*By* CLINTON E. WOODS



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TO BEGIN with let us take a look at what American industry, as a target for inquiry, means in dollars and cents. To save time and space in doing so I will deal in round figures only, because the story is to deal with a condition that confronts us rather than its supporting detail or statistical accuracy.

There are in this country some 350,000 manufacturing concerns having an invested capital of about forty-eight billion dollars, employing in a producing and selling capacity approximately 11,000,000 people who draw an annual wage of something like sixteen billion dollars—war-time figures in their proportions but we can comprehend them as long as they stay in the denomination of billions. This constitutes the target for inquiry.

Now for our first try at the bull's-eye!

Income tax returns have pretty conclusively disclosed the fact that only about 50 per cent of our manufacturing industries have *ever* paid a dividend, and I believe commercial reports have shown that approximately 50 per cent of our industrial enterprises *fail* sooner or later. This is in number of failures, of course, and not in dollars invested. But available first-hand information shows that the failure turnover comes in about one-quarter of the total invested capital. This leads us right up against the first bump on our industrial head, namely that about twelve billion dollars of our good American money is invested in non-profitable enterprises, or worse still, is in constant jeopardy of being liquidated at from ten to thirty cents on the dollar and that probably as a result three millions of our industrial workers are constantly confronted with the necessity of getting a new job through no fault of their own.



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Digesting this aspect of our industrial condition for a moment, is it any wonder that the legal fraternity, the auctioneers and the scavenging secondhand men are growing rich out of this industrial wreckage turnover and that labor organizes itself into unions as a means of protection against the low wage of non-success? So ends the first shot.

NOW let us take another to keep the first one company, and at the same time arrive at a partial understanding, at least, of our problems in connection with industrial conditions. Industry is, as a whole, I believe, borrowing today on short and long time paper somewhere in the neighborhood of eighteen billion dollars, which, if so, on any conservative basis is at least eight billion dollars more than it is entitled to, thus creating to this extent a direct hazard to the banks from which it borrows. This constitutes the second shot.

Summarizing all of the foregoing is to say that about twelve billion dollars invested in American industries is non-profitable and can only be reflected by very low security values and that, tied up in this non-profitable investment, are in all probability something like three billion dollars of bank funds that



PHOTO BY WILLIAM A. KUENZEL, DETROIT NEWS

Not a nickel of borrowed money here—Night time at

perhaps have an average security of twenty-five cents on the dollar. I make this statement as an opinion, not as a supported fact, feeling that it is just at this point that our banker friends may find occasion to start something, if it is nothing more than to tell me that I don't know what I am talking about.

There are just three things that tie money up in a manufacturing business, i. e., inventory, accounts receivable and plant investment. Inventory and credit to trade in the shape of accounts receivable are flexible enough to permit of at least a long-range adjustment in financing by borrowing. But when a manufacturer borrows money to put into plant investment, he makes his first mistake and so does the banker who lends it to him. Brick walls and machinery are beyond the pale of temporary loans, yet I daresay one-third of the borrowed money in this country is tied up in fixed assets. The modus operandi is about as follows:

A manufacturer wants to make a $100,000 extension to his plant, either because of an actual or anticipated increase to his trade. He cannot sell his securities to advantage, if at all, so he borrows; puts the $100,000 into plant improvements; does increase his trade and ultimately also increases his accounts receivable so that he has to borrow again to cover his credit extension. Sooner or later comes the slump to his particular market or to trade in general. Renewal is denied on his paper. A receiver is appointed. And twenty-five cents on the dollar is the result. This isn't theory, it is regular practice.

Now we will take our third and last shot and this is bound to be a bull's-eye!

THE manufacturers who have apparently created this industrial menace are not by any means always at fault or responsible by virtue of bad management. On the contrary, in so far as their range of vision extended, they have been conservative and used good judgment for it is certainly sound procedure to borrow at 6 per cent and even to pay plus on a 20 per cent bank balance rather than to sell stocks (if they can sell them at all) at discounts ranging from 20 to 50 per cent and bonds from 10 to 25 per cent. The average manufacturer naturally shrinks from the responsibility of assuming such liability in connection with his securities. Hence when he needs additional money, whether it be for plant, trade extension or to cover temporary purchases of material, he "dolls up" his balance sheet, supports it with statistics covering sales prospects, etc., etc., goes to his bank or banks and borrows up to the limit. Just so long as manufacturers can get by with this procedure they will continue to do it. The whole situation is a most deplorable one due to the fact that industrial stocks, and sometimes bonds, of course with some exceptions in larger companies, are usually considered purely as a speculation and not as an investment and are bought and sold as a gamble.

As a matter of fact it is almost impossible to sell the industrial securities of a moderate-sized concern without a bonus of one or two shares of common for every preferred share or some similar combination, making most of these transactions not very far removed from a lottery. So for the conservative man, the man of integrity and sound judgment, there is not much left for him to do but to borrow, and there are no legislative restrictions to his borrowings. It is simply a question of how strong an influence he has with the banks. One man can get twice as much as he ought to have while another can't get half the amount he is entitled to.

Now if I were to dispose of this story with a summary of the existing conditions it would be to say that 50 per cent of our manufacturers are trying to do a much larger business than they are permanently financed for—hence our twelve billion dollar industrial inefficiency and hazard. As a corrective the eight billion dollars over-borrowed should be replaced by permanent capital. This, however, would be simply a theoretical statement.

Getting down to a more practical view of the situation there are about 180,000 manufacturing concerns that must be admitted as candidates for failure but about 30 per cent of them



Henry Ford's big plant along the River Rouge near Detroit

could in all probability be salvaged into prosperity by proper financing. On this basis, letting 70 per cent of the possible failures ultimately liquidate themselves out of existence, over-borrowing would shrink for present consideration to about five billion two hundred million dollars. Perhaps one-third of the 170,000 manufacturers considered successful would be exempt from over-borrowing. This would reduce our requirements for actual consideration down to about three billion eight hundred million dollars and this brings us to the final shot at our industrial target and that is that there is in the neighborhood of *three billion eight hundred million dollars of borrowed money used in our industries that should be replaced by permanent capital.*

Here is a problem big enough for a combined effort on the part of the larger banks of this country. In fact, the problem is so big that several bankers with whom I have talked have immediately said "Government." If an attempt to correct this financial problem is ever made it will have to be effected by either one of the following:

1.—Private Enterprise.

2.—Government Enactment.

Perhaps it will need the latter to make the former possible. The government has already interested itself in certain financial problems, namely:

a. It organized the Federal Reserve bank as a means of helping and protecting the banks of this country, the details of which are too well known to require review here.

b. It created the Federal Farm Loan Act as approved in 1916, to help the agricultural districts of this country with their financial requirements.

Alexander Hamilton's famous report on manufacturers made at the request of Congress about 125 years ago, laid down the principles which have controlled the relation of manufacturers to the federal government ever since, and unless some violent changes were made in the recommendations of this report the government could not assume the direct financial support to industry that it has to banks and agriculture, especially in view of the fact that permanent capital is required instead of loans. But the government can legislate enactments that will permit private financial enterprise to handle industrial requirements in such a way as to make industrial securities a safe and sound investment.

WHATEVER is finally worked out as a solution it should have as its object two things: namely, the making of industrial securities a sound investment instead of a speculative one, and the provision of a market where such securities can be sold by the manufacturer at a reasonable brokerage rate. This of course will apply to only such industrial concerns as have histories and conditions that merit it. The writer has worked out half a dozen methods of procedure but no one of them has as yet dovetailed itself together sufficiently to warrant a presentation. Government bonds, bank stocks, etc., etc., are a fine thing for widows and orphans because of their "safety first" aspect but what we want to stabilize in this country is a safety in industrial securities that will permit our millions of red-blooded workers to invest their money in the securities of the plants that employ them and feel in so doing that their money is as safe as it would be in Liberty bonds and this can never be so long as all such securities are considered purely as a speculation or a gamble. But what we want above all else is to remove the general speculative element that over-borrowing introduces.

The conditions and problems set forth in this article are beyond the scope of engineers, labor and capital committees, or manufacturers' associations. The industrial wreckage is so great and so recurrent that it needs both a helping and a staying hand; a helping hand on the part of the banks and a staying hand, perhaps, on the part of the government. And this article is written as a plea to bankers to give this subject due consideration with the idea of possibly formulating and financing some investigating committees to thrash out and devise a solution to the whole problem.

# Banking in a Royal Palace





The Bank of Brussels, Belgium, has converted the famous palace of the Counts of Flanders, where the revered King Albert was born, into a modern banking home, while conserving its priceless art treasures and every detail of historic interest dear to the hearts of the people. The main building and courtyard were renovated and the stables and servants' quarters entirely rebuilt. The original facade was preserved, reproducing the same ornamentation and stone work on the new portions so that the building presents one harmonious whole

The meeting room of the board of directors (above) was formerly the study of the Count of Flanders. Ceiling, chandeliers, Gobelin tapestries, carpet, and even the painting of King Albert seen on the back wall have been preserved intact

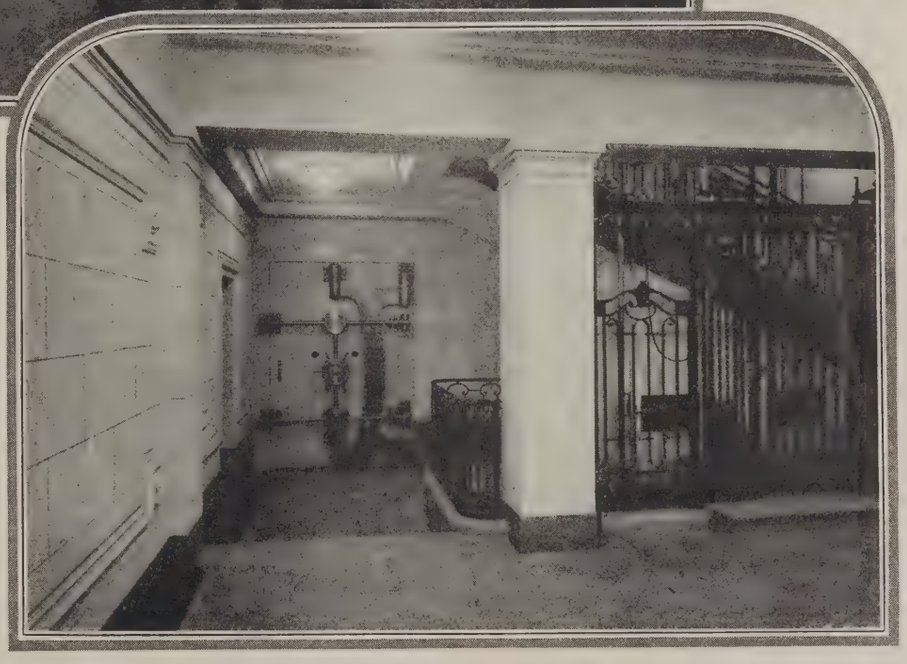
Near the entrance is the grand staircase (left). The original carpet with the design of royal lions of Belgium covers the stairs. In the background is a handsome stained glass window with the royal coat of arms in the center. The balustrades are especially fine examples of wrought iron and bronze work, with two priceless Gobelin tapestries on either side

Below is a view of the exterior in the Place Royale, familiar to every visitor to Brussels. In the foreground is the statue of Godefroid de Bouillon, on the right the American Consulate, the towering Palais de Justice in the distance. The Banque de Bruxelles, founded in 1871, is one of the principal banks of Belgium. It has a capital of Frs. 200,000,000 and Frs. 90,000,000 reserves. In the Belgian Congo it has established several branches, and it covers the whole of the Belgian provinces by a number of affiliated banks





The old library (above) is now the Letter of Credit Department, where the leading foreign magazines and reviews are available, as well as writing tables, stationery and every service for visitors



The vaults (right) occupy four basements, the deepest fifty feet below the street level. The lower two are used by the bank and the upper two contain 20,000 safe deposit boxes, protected by seventeen-ton doors, electric burglar alarms and microphones connected with a loud speaker in the main guardroom

The main banking hall (below) is three stories high and contains 100 tellers' windows. The bank has its own electric sub-station, printing and bookbinding plant, ventilation system, an automatic carrying system, machine bookkeeping and a lunchroom for employees where over 1,000 dinners are served every day. The Bank of Brussels has blended the ancient and the modern, the artistic and the practical, sentiment and business



# Costs=Starting from the Other End

## Departmental Control and Analysis of Accounts, Estimating First the Actual Work Saved if the Active Account Closed

*By* HY. W. SANDERS
Citizens National Bank, Los Angeles

IT HAS been pointed out more than once that a banker always asks a borrower if he keeps a cost-accounting system to show the exact expense of doing business, though very often the banker himself has no such thing. In reality there is no comparison between the two cases and the implied reproach against the banker is not justified. The business concern that is asked by the credit department for details of their cost-accounting system is living on the profits earned by manufacturing, distributing, or transporting actual tangible commodities, and it is not very difficult to allocate costs in such a way that pricing can be done intelligently, and the profit and loss account safeguarded. If the banker made his living from handling checks and deposits, then the costs of handling them would assume the same importance, but in fact he does not. He lives by loaning money, some his own, and some his depositors', and the checks and deposits he handles are merely incidental to his main business function. A banker may go into liquidation through indiscriminate loaning although he may have the most efficiently operated bank in the country. On the other hand, we all know that some of the oldest and most prosperous banks have the least efficient office systems.

### *Departmental Control*

There are, however, two reasons why bankers are now resorting to cost accounting and expense analysis. We will outline them here and suggest tentative systems.

In recent years the larger banks have been feeling the need of some system that would give them a departmental control of expenses. In the old days the cashier or one of his assistants could supervise matters by merely walking around with his eyes open. Now, however, the bank has expanded into many departments with scores and hundreds of employees and high-pressure work resembling a manufacturing plant, and the executive requires actual data on their operation, comparable with the control figures used by other business. To do this it is necessary to find some way of measuring the volume of work, and dividing expenses between the departments.

The numbers of items handled by the department is ordinarily used as the measurement of volume of work; while the expense account is being more often divided on a departmental basis. In some banks a regular budget system is employed.

### *Account Analysis*

In addition to this need for departmental control there has in recent years grown up a system of account analysis which aims at uncovering unprofitable business, and account analysis is impossible without some definite knowledge of what it costs to handle the checks and deposits occasioned by the account. There is no need to go into details here of the systems used for account analysis. Every progressive banker is familiar with the forms and methods. They are all supposed to be based on actual operating costs, yet there is a wide divergence in the published figures.

To illustrate this we may take figures from three recently published articles on analysis. One says "It has been found that it costs between two and three cents to handle an out-of-town or transit item, between half a cent and one cent to handle a clearing house item, between two and three cents to handle a debit to a depositor's account, approximately twenty-five cents to handle a collection item, and seven cents to handle a credit or deposit slip." Another states the cost as three and a half cents for all items. A third gives figures as follows: transit items, a cent and a half, clearings one cent, checks three and a half cents, and deposits six and a half cents.

The "Short Method" recommended by the Federal Reserve Bank of New York (why on earth did they call it "short"?) takes the easy course of allotting expense by estimate to account activity, and then dividing this total by the entire number of debits and credits handled over the period. In the example given it works out at 2.33 cents.

So here we have banks figuring all the way from half a cent to seven cents for various classes of items in their analysis. Perhaps the average is from two to three cents with a good deal of variation according to whether or not they differentiate between clearings and out-of-town items, deposits and so on. Dale Graham, of Saint Louis, in writing on the subject puts the whole matter very well as follows: "The cost of operating the clearing house, transit, tellers and bookkeeping departments is chargeable to the customers in their analyses at so much an item. Many banks apply a uniform per-item charge to all classes, including deposits. They recognize that the cost of handling clearing house checks is considerably less than that of writing, listing and mailing out the same number of transit items, and much less than that of posting checks and deposits to individual ledgers; that the cost of a deposit, the majority of which are taken in over the counter by high salaried tellers, is greater than that of a check, many of which are paid through the clearing house. They further recognize that this variance in cost figures would make an appreciable difference in the analysis of a large

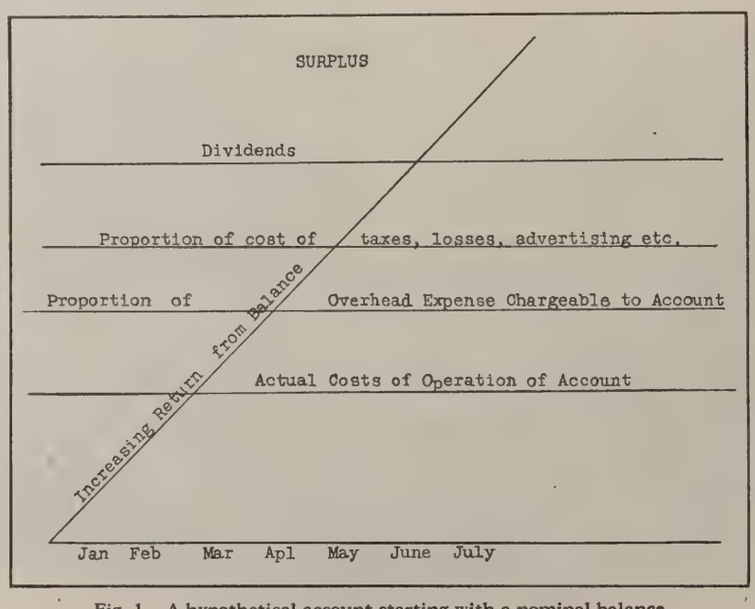



Fig. 1. A hypothetical account starting with a nominal balance

FIRST NATIONAL BANK

Monthly Expense Analysis. Month of ..... 192 (Cents Omitted)

| EXPENSE ACCT. Total $24389 | Term | | Safe Deposit | | Foreign | | Advert -ising | | Overhead & Genl. | | Loans | | Commercial Checks Deposited | | Commercial Checks Paid | | Commercial Deposits | | Country Banks Checks Dep | | Country Banks Checks Paid | | Collections Cash | | Collections Revenue | | Collections Expense | | Audit | | Cashier and Staff | | Supplies | | Transit | | C'pons | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Salaries | | 350 | | 175 | | 240 | | 200 | | 4,119 | | 3,650 | | 700 | | 1,540 | | 2,470 | | 0 | | 260 | | 240 | | 200 | | 220 | | 850 | | 1,400 | | 60 | | 1,620 | | 150 |
| Allotted to Depts | | 0 | | 5 | | 0 | | 1,240 | | 0 | | 330 | | 0 | | 220 | | 360 | | 0 | | 0 | | 40 | | 0 | | 70 | | 0 | | 0 | | 780 | | 140 | | 0 |
| Balance to Overhead | | | | | | | | | | 2,760 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| First Totals | | 350 | | 180 | | 240 | | 1,440 | | 6,879 | | 3,980 | | 700 | | 1,760 | | 2,830 | | 0 | | 260 | | 280 | | 200 | | 290 | | 850 | | 1,400 | | 840 | | 1,760 | | 150 |
| Chargeoff of Subsidiary Accts. | % | | % | | % | | % | | % | | % | | % | | % | | % | | % | | % | | % | | % | | % | | % | | % | | % | | % | | % |
| Cashier and Staff | 2.8% | 39 | 1.4% | 19 | .9 | 28 | 1.6 | 22 | 25 | 350 | | 95 | 6 | 78 | 13.3 | 186 | 19.7 | 280 | | 0 | 2 | 28 | 1.9 | 28 | 1.6 | 22 | 1.7 | 23 | 6.6 | 94 | .5 | 1,400 | .5 | 7 | 12.9 | 180 | 1.2 | 16 |
| Supplies | 3 | 25 | | 0 | 4 | 33 | | 0 | 9 | 76 | | 0 | 4 | 33 | 30 | 246 | 8 | 67 | | 0 | 3 | 25 | 4 | 33 | 4 | 33 | 4 | 33 | 4 | 33 | | | | 847 | 24 | 210 | | 0 |
| Coupons | | 0 | | 0 | | 0 | | 0 | | 56 | | 0 | | 0 | | 55 | | 0 | | 0 | | 55 | | 0 | | 0 | | 0 | | 0 | | | | | | | | 166 |
| Transit | 1 | 21 | | 6 | 2 | 42 | | 0 | | 0 | | 061 | | 1,309 | | 0 | | 0 | 35 | 757 | | 0 | | 0 | | 0 | 1 | 21 | | 0 | | | | | | 2,150 | | |
| Cash Collections to Loan | | 0 | | 0 | | 0 | | 0 | | 0 | | 341 | | 0 | | 0 | | 0 | | 0 | | 0 | | 341 | | 0 | | 0 | | 0 | | | | | | | | |
| Expense do to Overhead | | 0 | | 0 | | 0 | | 0 | | 367 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | | | 0 | | 367 | | | | | | | | | | |
| Audit to Overhead | | 0 | | 0 | | 0 | | 0 | | 977 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | | | 0 | | | | 977 | | | | | | | | |
| Second Totals | | 435 | | 199 | | 343 | | 1,462 | | 8,705 | | 4,321 | | 2,120 | | 2,247 | | 3,177 | | 757 | | 368 | | | | 255 | | | | | | | | | | | | |
| Part Overhead Charged on Basis of Already Allotted Expense | 2.7 | 117 | 1.2 | 58 | 2.1 | 94 | 8.2 | 358 | | -4,000 | 27.2 | 1,088 | 13.3 | 532 | 14.1 | 574 | 20 | 805 | 4.7 | 198 | 2.3 | 102 | | | 1.6 | 74 | | | | | | | | | | | | |
| Final Totals | | 552 | | 257 | | 437 | | 1,820 | | 4,705 | | 5,409 | | 2,652 | | 2,821 | | 3,982 | | 955 | | 470 | | | | 329 | | | | | | | | | | | | |

and active account, but fix an arbitrary per-item charge which is low enough to give the customers the benefit of inaccuracies."

### *A Large and Active Account*

That large and active account is the one we really need to analyze. It is the kind that when multiplied by the number of active businesses in town causes bank expense accounts to grow. It is always the account that pays in plenty of out-of-town items with the consequence that there is more or less float against its balance all the time. The smaller accounts do not constitute the same problem. The smallest are usually taken care of through service charges, and the ones just above the service charge level are seldom active. It is the big fellow that we want to check up; and it is precisely here that when we multiply those "arbitrary" per-item charges by hundreds and thousands it makes a great difference. If as suggested the charge is low enough to give the customer the benefit of inaccuracies, then we are doing an injustice to the bank. Sooner or later we must get down to accurate figuring.

In view of these considerations the Citizens National Bank, of Los Angeles, has tried to work out a basis for account analysis that starts at the opposite end to that usually taken. Instead of taking the expense account and trying to distribute it among our depositors, we have taken first the depositor's account and tried to estimate how much actual work would be saved if that account were closed. In other words, our first quest has been to find the actual out-of-pocket expense of running the account, and separating it from the overhead or general expense.

The reason for this method is to be found in the economic law of increasing return. It is a number of years since we took our Institute Certificate, and possibly the instructors phrase it somewhat differently today, but the essential feature of that law as we remember it consists of the contention that as you

STATEMENT

| | | |
|---|---|---|
| Self-sustaining Depts: | | |
| Term | 552 | |
| Rev.Coll | 329 | |
| Safe Dep | 257 | |
| Foreign | 437 | 1,575 |
| Advertising | | 1,820 |
| Overhead and General | | 4,705 |
| Loans | | 5,409 |
| Activity Expense | | |
| Commercial, Chks Dep | 2,652 | |
| Chks Pd | 2,821 | |
| Deposits | 3,982 | 9,455 |
| Country Banks Chks Dep | 955 | |
| Chks Paid | 470 | 1,425 |
| | | 10,880 |
| Total Expense Account | | 24,389 |

**Fig. 2. Illustrating the three steps in allotting expense**

increase output you will get an increasing return up to a certain point of greatest efficiency, after which the returns will diminish in proportion even though they increase in volume. Now in our banking operations if we had only a very few accounts our overhead would be tremendous—as indeed is the case in the starting of new banks—and as we gain more and more business we can spread our overhead out thinner and thinner until we reach the point of maximum efficiency.

### *Passing the Dead Line*

We feel that every account that will pay its actual out-of-pocket expense is worth keeping, for the moment it passes the dead line it begins to bear its share of the overhead and general expense of operating the bank. This idea is shown in the diagram (Fig. 1). Here we present a hypothetical case of an account which starts the year with a nominal balance and steadily increases it throughout the months that follow. At what point will it become profitable? Obviously it is unprofitable as long as it fails to carry its own operating expense, but when it passes the lowest line it enters debatable ground. In our opinion it is profitable the moment it begins to carry its share of the overhead, even though it never succeeds in carrying all of it. Further up the line it begins to take its share in the taxes, losses, advertising, etc., then it eventually comes into the dividend-paying class and possibly continues into the surplus where there is an actual profit over all expenses and dividends.

This brings us to the point where it is possible to state the problem in expense analysis as follows:

*To find a system which will separate expenses that are fixed and uncontrollable from those that are occasioned directly by account activity, and at the same time to provide financial control over departments.*

In addition to the main requirements it must be capable of incorporation readily into existing systems, it must not be cumbrous, complicated or expensive, and the final figures must be readily accessible for comparison from time to time.

The accompanying form (Fig. 2) will illustrate the plan we have been developing during the past year. It meets most of the requirements and the actual work is light. The percentage calculations are easily figured on calculating machines. The objective is to divide the month's expenses into five classes, two of which are subdivided. They are as follows:

(1) Self-sustaining Departments. These include Safe-deposit, Foreign, Term Accounts, and one of the three sections into which we have divided the Collections for this purpose.

(2) Advertising, and all other expenses incurred to attract new business to the bank—exclusive of the clerical work of opening new accounts.

(3) Overhead, including rent, light, and building maintenance, president's salary, and all other general expense that cannot be localized.

(4) Loaning Expense, including note and credit departments, loaning officers, legal and mercantile agency fees.

(5) Cost of account-activity, subdivided into Commercial and Country Banks, each of which is again subdivided into classes representing costs of handling checks deposited, checks paid, and deposits.

In the sample form (the figures, of course, are fictitious), it will be noticed that the vertical columns represent the departments, and there are three steps in allotting expense.

### *The First Step*

We take the expense account and

(Continued on page 52)

# When West Meets East In Chinatown

## A Happy Modification of Modern Banking Methods to Conform With the Customs and Superstitions of Enigmatical Chinese

*By* FRANKLIN S. CLARK

PAST the three tellers' windows, in the back part of the office of the Oriental Branch of the French American Bank in San Francisco's Chinatown is a small room. It is furnished with a table and a couple of chairs. Had the bank a safe deposit department you might take it for a coupon room. Obviously it is for the purpose of providing privacy for patrons. And really on the surface of it there is no especial mystery connected with it.

W. A. Sanders, the bank's manager, will tell you in a few words what that room is for—so far as he knows. It seems that occasionally certain ones of the French American Bank's Chinese customers desire complete privacy in making their deposits. This room is for their convenience. Upon request, Miss Dorothy Gee, or any one of the three girls who act as tellers, accepts deposits in this small room, or transacts other banking business there. It provides an effectual barrier against any, or all, curious eyes. That is all there is to it—on the surface.

But the more you find out about the Oriental Branch of the French American Bank the more that small room out back dwells in your mind. It is a symbol.

Mr. Sanders, the man who has been in charge since the branch was first established some three years ago, and who had his finger on the pulse of the bank's Chinese business before the move of opening the office in Chinatown was made, shrugs his shoulders. He frankly admits he doesn't know the real reason for the existence of the rear room.

He knows it is necessary. Just as he knows from experience the necessity of a hundred and one unusual observances and practices he must make, and follow, in dealing with his Chinese patrons. But why? If you ask him this question, he frankly admits in the last analysis that he doesn't know.

This is a quaint banking business conducted in this small office on Chinatown's main artery of commerce, Grand Avenue. The bank is an American bank. Its books are kept by the same system employed in any American bank. In fact, its bookkeeper is an American. Baptiste Ortett is its special police officer, just the name you might expect for the French American Bank. But the girls who wait on customers at the three tellers' windows are Chinese. The customers are Chinese. And this is where the inscrutable aspects of the bank commence. And while you can dispose of its American traits in a paragraph you can't really dispose of its Chinese characteristics at all. They simply lead you on and on, and you never do really get to the bottom of them—but the chase is not an uninteresting one.

For one thing there's that factor in the Chinese social system, the family. And the tongs, or protective societies based on family, must be considered, too. They say Chinatown is changing. It is, superficially. It is true that the display windows of Chinatown's shops don't present at all the same appearance they did—even five or six years ago. No longer does the jade carving, or the silk scarf you are seeking, lurk in the dusty rears of the Grand Avenue shops. It clamors to you to buy it as you pass, from a most up-to-date window display. In the last few years property values in Chinatown's shopping street have trebled and quadrupled in places. The lotteries, gambling dives, and the other institutions which cast the romantic spell that is likely to surround wickedness have been driven to cover, as the saying goes.

But Chinatown is Chinatown still. And while an "on-the-main-line" Philadelphian or a Back Bay Bostonian might not think there was anything unusual in the emphasis the Chinese place on family, to the average American it seems odd. One reason for it is reflected in the general nature of the Chinatown banking business. The Chinese haven't as yet become good customers of the trust department of modern banking. Thrift Week's "Make Your Will Day," has left them apathetic. They haven't adopted to any extent the western practice of making wills.

From what I gathered talking with Miss Dorothy Gee, the non-existence of wills has a great deal to do with the Chinese significance of family, the tongs based on family—and the little



PHOTO BY SILBERSTEIN A vista of Chinatown



Straight selling talk—with "art," clipped from the cover of a bank magazine

back room. The westerner lives his life of business endeavor, achievement and acquisition, independently. Business is business. He may give a helping hand to friends and relatives now and then, if he feels like it, but he is under no obligations to do so.

But in China, and in Chinatown—modern as its shop windows may be—they don't make wills. When a man dies his eldest son steps into his place as head of the business, and also as head of the family. He inherits not only all the property, but all the relatives. And there's no precisely-drawn legally-binding will to specify this one shall receive so much and that one so much, and no more; but he is under obligation to provide for every member of the family to the best of his ability and according to his conception of what is just, all through life.

We westerners can understand why a man wouldn't care to have his will made public before his death. It is because in the West one's obligation to provide for his relatives is recognized at death. The Chinese recognize this obligation before death. That is the difference. Naturally, how much property, how much money, if you please, the head of the family has or how much any member of it has, has a bearing on this obligation. Human nature is human nature in most fundamental traits, be it occidental or oriental in its origin.

CHINESE family ties explain many a procedure at the Chinatown branch of the French American Bank. More directly and oftener it is the influence of certain tong obligations which cast their spell. Because family strength was in many cases split by emigration, the tongs in San Francisco's Chinatown, as in other Chinese settlements in America, have taken on many characteristics of the family. That is, they have been used to serve much the same purposes of mutual protection, entailing mutual obligation.

In times past, banks have never been a part of the Chinese economic system. Such banks as exist in China at present, like the bank in Chinatown, are entirely of western origin, and are conducted accordingly—that is, so far as the general routine of bookkeeping and of general banking methods is concerned. To China the bank is a new institution, and a foreign one. The family and the tong, on the other hand, are native Chinese institutions several thousand years old. The customs of ancient China are not lightly cast aside.

The Chinatown bank, compared with most banks, is called upon to make very few loans This is because in ages past the Chinese have not been in the habit of going to banks for financial backing, but to the family, or the tong.

But just as the Chinese have recognized the primary purpose of the bank as a safe place to keep money, they are coming to recognize its value as a reservoir of credit. Many of the younger American-born business men of Chinatown call upon the bank quite regularly for various forms of credit. But the traditions of ancient China have a bearing on the manner in which credit is granted. The Chinatown business man goes to the bank for financial assistance as he would to his family, taking it for granted that the bank is sufficiently well acquainted with him and his affairs to give assent or refusal at once. The manager of the bank must give his reply immediately if he does not wish to offend.

So, however much of an enigma his customers may be to him generally speaking, the manager of the Chinatown bank must always be supplied with complete credit information concerning every one of those who are likely to want it. The stock reply which other banks often make to applicants for credit, "We'll let you know in a few days," would never do in Chinatown. But the job of acquiring this credit information and keeping it up to date for possible use is not as difficult as might be imagined. For while most any one of the customers of the bank would resent an investigation of his affairs, when the spirit moves him, which it frequently does, he volunteers of his own accord as much or perhaps more information concerning his affairs than an ordinary credit investigation would supply. And it is information which can usually be relied upon, for the Chinese as business men keep accurate accounts. And high standards of business honor prevail. The family and the tong play a large part in this, too. Punishment for discrepancies may be swift and sure.

PERHAPS because family is so influential in the workings of this bank, the bank itself has taken on, to a large extent, the atmosphere of the "one big family" you hear so much about in American business—and see so rarely. It seems to be the perfect exemplification of the "friendly bank." While I

(Continued on page 53)





Miss Dorothy Gee (at the left), Mr. Sanders and Mr. Gee, father of Dorothy. Above, the bank as it looks from street with modern window display and everything

# Do Depositors Respond to Mailing?

## An Exceptionally Interesting Experience With Inactive Accounts in Roanoke, Va., Which Answers Moot Questions

*By* G. PRATHER KNAPP

I HAVE discussed the question which heads this article with several hundred bankers and I find that it is nearly always answered, Yankee fashion, by other questions.

Do depositors respond to mailing? What do you mean, "depositors?" What do you mean, "respond?" What do you mean, "mailing?"

Ought they to be new depositors, recent depositors, or old depositors? Ought they to be inactive one year before appealed to through mailing, or more, or less? Ought we to expect response from depositors with balances under $5, balances between $5 and $100, balances between $100 and $500, balances larger than $500?

What sort of response can be hoped for? What percentage of favorable reaction is a good one? What percentage of unfavorable reaction must be faced? What net increase in total deposits constitutes a good response per dollar of mailing cost?

What sort of mailing material should be used? Letters, printed matter, monthly statements? How often should it go out? Once a week, once a month, or twice a month? Ought it to be in plain envelopes or not? Is two-cent postage twice as good as one-cent postage? Should we mail four times and stop? Or twelve times? Or less than four? Or more than twelve? And so on and so on.

About all I can hope to do on the subject is to accumulate individual experiences in individual banks, and then try to digest them into principles and standards, with due corrective allowances for differences between cities.

The difficulty is that so few bankers analyze their depositors with any care before commencing their mailing, and so very, very few analyze their results with any care, *after* mailing.

Consequently, I felt like "some watcher of the skies when a new planet swims into his ken" upon receiving from Mr. F. W. Kulp, assistant cashier of the National Exchange Bank of Roanoke, Virginia, as complete a set of figures on customer cultivation as I believe can be drawn up. Mr. Kulp knows exactly what customers he chose for his appeal, exactly what it cost to make appeals to these depositors, and exactly what the returns were, good, bad and indifferent. He knows these matters in complete detail.

He cultivated 934 depositors. He sent each of them two letters. He spent 8¾ cents per depositor, and had got back $14.75 per depositor *after two mailings.* He got his best *percentage* of favorable reactions from accounts between $1 and $50. He got his best results in *money increases* and his smallest total of *money decreases* from accounts between $401 and $500.

The gross gain of the accounts that gained was $21,365, distributed among 156 accounts, or about $140 per favorably responding depositor.

The unfavorable reactions were supplied by 76 depositors who showed total decreases of $7,460.36, or a little less than $100 per decreasing depositor.

The results by classes you will find in the table on the opposite page.

Of the 934 accounts covered by the figures, 624 were city people and 310 were country people. Of those responding favorably, 75 per cent were city people, indicating that the city man responds even more favorably to mail cultivation than the countryman.

One curious twist which shows how misleading partial statistics can be, is evidenced by the average gain per customer in accounts responding favorably among the various groups.

The smallest group, with original balances between $1 and $50, gained $40.33 per gaining depositor.

The next three groups, $51 to $100, $101 to $200 and $201 to $300, gained $164, $103, $189 per gaining depositor.

Then in the group next above, $301 to $400, the gain per favorably responding depositor was only $51.48.

Give those figures and stop, and someone would immediately chortle, "Aha! I told you it wasn't right to cultivate accounts over $300." But his face would fall when he was told that in the class between $401 and $500, the gain per favorably responding customer amounted to $521.25.

As a matter of fact, reference to the summary will show that if this last class, $401 to $500, had not been included, the entire cultivation would have netted only $8,000 to the bank, whereas by including 54 depositors in this group, the net gain was nearly doubled, amounting to $14,000.

Nor can any comfort be found for the man who would cultivate only small accounts by reference to the percentage response obtainable from the different groups.

The smallest group showed a 20 per cent reponse, the next group above showed a 36 per cent response, the next group above that a 23 per cent response, the next group above that a 31 per cent response, the next above that a 23 per cent response, and the highest group of all, accounts $401 to $500, showed the highest percentage response, i. e., 28 per cent.

However, there is great comfort in the figures for anyone who advocates, as I do, that the newer an account is, the more susceptible it is to cultivation. Eighty-five per cent of those responding favorably had been inactive for less than three years; only 7 per cent had been inactive for longer than three years, and less than 1 per cent had been inactive for longer than five years.

THE newest group, inactive six months to one year, contained 289 names. Of these 35 per cent responded favorably and only 9 per cent unfavorably. Of the next group, inactive one to two years, containing 289 names, only 9 per cent responded favorably and 10 per cent unfavorably.

The next group, inactive two years to three years, contained 122 names, of which 14 per cent responded favorably and 4 per cent unfavorably.

The next group, inactive three years to four years, contained 84 names of which 11 per cent responded favorably and 4½ per cent responded unfavorably.

The next group, inactive four years to five years, contained 38 names of which 5 per cent responded favorably and 16 per cent unfavorably.

The next group, inactive over five years, contained 112 names, of which 1 per cent responded favorably and 7 per cent unfavorably.

Here is the tabulation:

| Length of dormancy | No. of accounts | Favorable responses | Unfavorable responses | Total responses |
|---|---|---|---|---|
| 6 mos. to 1 yr. | 289 | 102 or 35% | 25 or 9% | 127 or 44% |
| 1 yr. to 2 yrs. | 289 | 25 or 9% | 30 or 10% | 55 or 19% |
| 2 yrs. to 3 yrs. | 122 | 17 or 14% | 5 or 4% | 22 or 18% |
| 3 yrs. to 4 yrs. | 84 | 9 or 11% | 3 or 4½% | 12 or 15% |
| 4 yrs. to 5 yrs. | 38 | 2 or 5% | 6 or 16% | 8 or 13% |
| Over 5 yrs. | 112 | 1 or 1% | 7 or 7% | 8 or 8% |

# The Results Tabulated by Classes

### $1 to $50

| | |
|---|---|
| Number of accounts reached | 382 |
| Number of accounts depositing | 45 |
| Number of accounts closed | 34 |
| Total number of accounts responding | 79 |
| Percentage of accounts responding | 21 |
| New balance on accounts showing positive response | $ 2,657.25 |
| Original balance on above | 842.73 |
| Gain in deposits | 1,814.52 |
| Less amount of closed accounts | 656.71 |
| Net gain in deposits | $ 1,157.81 |
| Average balance after mailing on accounts showing positive action | $ 59.05 |
| Average balance before mailing on accounts showing positive action | 18.72 |
| Gain per increasing account | $ 40.33 |
| Loss per decreasing account | 19.31 |
| Net gain per cultivated account | 3.03 |

### $51 to $100

| | |
|---|---|
| Number of accounts reached | 115 |
| Number of accounts depositing | 26 |
| Number of accounts closed | 15 |
| Total number of accounts responding | 41 |
| Percentage of accounts responding | 36 |
| New balance on accounts showing positive response | $ 6,190.15 |
| Original balance on above | 1,916.82 |
| Gain in deposits | 4,273.33 |
| Less amount of closed accounts | 1,131.94 |
| Net gain in deposits | 3,141.39 |
| Average balance after mailing on accounts showing positive action | $ 238.08 |
| Average balance before mailing on accounts showing positive action | 73.72 |
| Gain per increasing account | $ 164.36 |
| Loss per decreasing account | 74.46 |
| Net gain per cultivated account | 27.31 |

### $101 to $200

| | |
|---|---|
| Number of accounts reached | 204 |
| Number of accounts depositing | 36 |
| Number of accounts closed | 11 |
| Total number of accounts responding | 47 |
| Percentage of accounts responding | 23 |
| New balance on accounts showing positive response | $ 8,838.94 |
| Original balance on above | 5,125.51 |
| Gain in deposits | $ 3,713.43 |
| Less amount of closed accounts | 1,542.12 |
| Net gain in deposits | $ 2,171.31 |
| Average balance after mailing on accounts showing positive action | $ 245.53 |
| Average balance before mailing on accounts showing positive action | 142.37 |
| Gain per increasing account | $ 103.16 |
| Loss per decreasing account | 140.19 |
| Net gain per cultivated account | 10.64 |

### $201 to $300

| | |
|---|---|
| Number of accounts reached | 110 |
| Number of accounts depositing | 26 |
| Number of accounts closed | 8 |
| Total number of accounts responding | 34 |
| Percentage of accounts responding | 31 |
| New balance on accounts showing positive response | $ 11,146.26 |
| Original balance on above | 6,212.51 |
| Gain in deposits | $ 4,933.75 |
| Less amount of closed accounts | 2,023.77 |
| Net gain in deposits | $ 2,909.98 |
| Average balance after mailing on accounts showing positive action | $ 428.70 |
| Average balance before mailing on accounts showing positive action | 238.94 |
| Gain per increasing account | $ 189.76 |
| Loss per decreasing account | 252.97 |
| Net gain per cultivated account | 26.45 |

### $301 to $400

| | |
|---|---|
| Number of accounts reached | 69 |
| Number of accounts depositing | 11 |
| Number of accounts closed | 5 |
| Total number of accounts responding | 16 |
| Percentage of accounts responding | 23 |
| New balance on accounts showing positive response | $ 4,351.05 |
| Original balance on above | 3,795.73 |
| Gain in deposits | $ 555.32 |
| Less amount of closed accounts | 1,637.07 |
| Net loss in deposits | $ 1,081.75 |
| Average balance after mailing on accounts showing positive action | $ 395.55 |
| Average balance before mailing on accounts showing positive action | $ 345.07 |
| Gain per increasing account | $ 50.48 |
| Loss per decreasing account | $ 327.41 |
| Net loss per cultivated account | $ 15.69 |

### $401 to $500

| | |
|---|---|
| Number of accounts reached | 54 |
| Number of accounts depositing | 12 |
| Number of accounts closed | 3 |
| Total number of accounts responding | 15 |
| Percentage of accounts responding | 28 |
| New balance on accounts showing positive response | $ 11,231.58 |
| Original balance on above | 4,976.63 |
| Gain in deposits | $ 6,254.95 |
| Less amount of closed accounts | 469.75 |
| Net gain in deposits | $ 5,785.20 |
| Average balance after mailing on accounts showing positive action | $ 935.96 |
| Average balance before mailing on accounts showing positive action | $ 414.71 |
| Gain per increasing account | $ 521.25 |
| Loss per decreasing account | $ 156.56 |
| Net gain per cultivated account | $ 107.32 |

### Summary

| | |
|---|---|
| Number of accounts reached | 934 |
| Number of accounts depositing | 156 |
| Number of accounts closed | 76 |
| Number of accounts responding | 232 |
| Percentage of accounts responding | 25 |
| New balance on accounts showing positive response | $ 44,415.23 |
| Original balance on above | 23,049.95 |
| Gain in deposits | $ 21,365.28 |
| Less amount of closed accounts | 7,461.36 |
| Net gain in deposits | $ 13,903.92 |
| Average balance *after* mailing on accounts showing positive action | $ 284.71 |
| Average balance *before* mailing on accounts showing positive action | $ 147.75 |
| Gain per increasing account | $ 136.96 |
| Loss per decreasing account | $ 98.17 |
| Net gain per cultivated account | $ 14.78 |
| Cost per cultivated account | $ .08736 |

Of the accounts responding favorably to treatment:

| | | | | |
|---|---|---|---|---|
| 65% | had | been | dormant | 6 mos.–1 yr. |
| 15% | " | " | " | 1 yr.–2 yrs. |
| 10% | " | " | " | 2 yrs.–3 yrs. |
| 5% | " | " | " | 3 yrs.–4 yrs. |
| 1% | " | " | " | 4 yrs.–5 yrs. |
| 1% | " | " | " | over 5 yrs. |

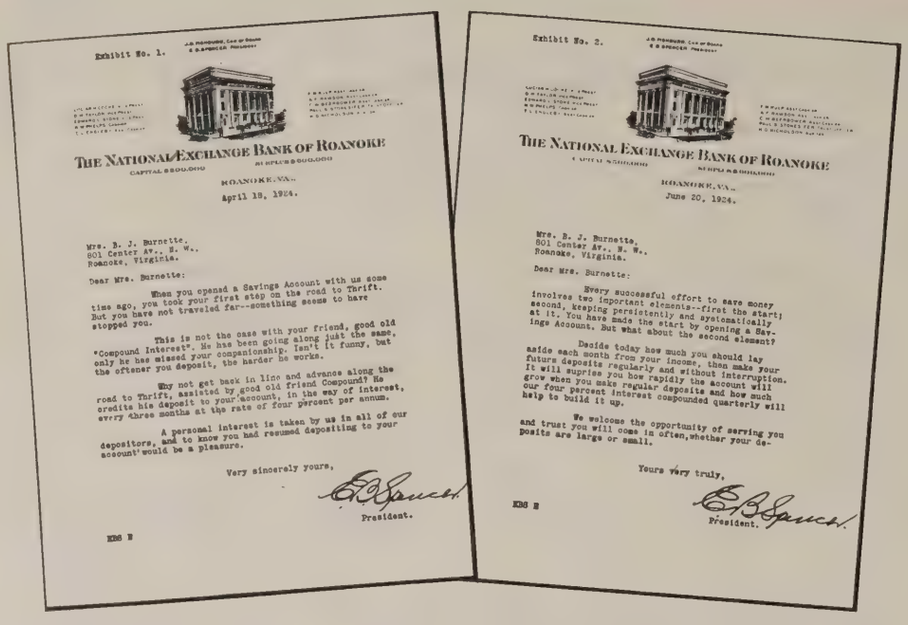


Exhibit No. 1.

THE NATIONAL EXCHANGE BANK OF ROANOKE

ROANOKE, VA.,
April 18, 1924.

Mrs. B. J. Burnette,
801 Center Av., N. W.,
Roanoke, Virginia.

Dear Mrs. Burnette:

When you opened a Savings Account with us some time ago, you took your first step on the road to Thrift. But you have not traveled far--something seems to have stopped you.

This is not the case with your friend, good old "Compound Interest". He has been going along just the same, only he has missed your companionship. Isn't it funny, but the oftener you deposit, the harder he works.

Why not get back in line and advance along the road to Thrift, assisted by good old friend Compound? He credits his deposit to your account, in the way of interest, every three months at the rate of four percent per annum.

A personal interest is taken by us in all of our depositors, and to know you had resumed depositing to your account would be a pleasure.

Very sincerely yours,

E. B. Spencer
President.

KMG H



Exhibit No. 2.

THE NATIONAL EXCHANGE BANK OF ROANOKE

ROANOKE, VA.,
June 20, 1924.

Mrs. B. J. Burnette,
801 Center Av., N. W.,
Roanoke, Virginia.

Dear Mrs. Burnette:

Every successful effort to save money involves two important elements--first the start; second, keeping persistently and systematically at it. You have made the start by opening a Savings Account. But what about the second element?

Decide today how much you should lay aside each month from your income, then make your future deposits regularly and without interruption. It will surprise you how rapidly the account will grow when you make regular deposits and how much our four percent interest compounded quarterly will help to build it up.

We welcome the opportunity of serving you and trust you will come in often, whether your deposits are large or small.

Yours very truly,

E. B. Spencer
President.

KMG H

Clearly, if these figures are average, we should cultivate our depositors within five years of their last visit to the bank, or not cultivate them at all.

Another interesting point and another point that shows how clearly Mr. Kulp knows what he has done and is doing, lies in the fact that he has ascertained pretty definitely where unfavorable reactions would have taken place irrespective of the mailing, and where the mailing may have had something to do with them. Wherever a customer closed his account, he was diplomatically analyzed with the following results:

"Of the 76 close-outs," says Mr. Kulp, "21 transferred their balances by mail to banks in the cities in which they were located. The deduction from this is, that if we hadn't sent them letters their accounts would probably have remained with us." Moral: Do not send letters to inactive depositors who have moved to other cities.

"Of the 55 remaining closed accounts," continues Mr. Kulp, "the analysis shows that their closing would have taken place whether they received mailing or not, in the case of 11 accounts. One withdrew balance to pay a note, three came in and withdrew because they were leaving town, four transferred the small balance from their savings account to their checking account, one withdrew on account of sickness in the family, one to purchase a car, and one to put savings into a business." Moral: Do not expect any form of advertising to transfer title to money from the savings depositor to the bank. If he needs it or wants it, he is going to get it. Extra important moral: Do not claim that you are really cultivating your depositors unless you know why the closers close.

Final summary: Out of 76 unfavorable reactions which followed cultivation of Mr. Kulp's accounts, more than 50 per cent were definitely due to other causes than cultivation.

It cannot be certainly said that the 50 per cent of close-outs unaccounted for were due to the receipt of the mailing. To quote Mr. Kulp, "Some few came in and remarked that the balances had been overlooked and that they would take the money out and use it. Some of them who withdrew their balances promised to re-open again."

In other words, putting the matter at its very worst, the withdrawals occasioned by cultivation were only 4.4 per cent of the total customers appealed to and they were invariably small and unprofitable balances.

HAVING answered the questions "What do you mean, 'depositors'?" and "What do you mean, 'response'?" very fully, let us answer the question "What do you mean, 'mailing'?" with equal care.

The mailing material Mr. Kulp used is simple to describe. It consisted of faultless facsimiles of typewritten letters, signed in pen and ink in the name of the president of the bank.

We reproduce them in the illustration, and comment on them is superfluous perhaps. It may be said, however, that in the writer's opinion, the two outstanding features of the copy end of the discussion are these:

First, the copy itself is exceptionally good. It talks about the reader and not about the bank, and yet it talks straight banking in a straight-from-the-shoulder way.

Second, the letter form, made possible by the small list cultivated, was successful because each letter was a masterpiece of facsimile work.

In larger cities than Roanoke, the costs of addressing, filling in, multigraphing, folding and other mechanical operations are considerably higher than those given by Mr. Kulp.

They are not susceptible of decrease per cultivated customer by quantity production. They cost just as much per thousand for 50,000 as for 1,000, and the difficulty of having these operations performed as they should be increases by geometrical progression as the size of the list and the number of operators goes up.

I should say that to do the job as Mr. Kulp did it for a 10,000 list of savings depositors in a city of over 200,000 inhabitants would probably cost in the neighborhood of 7 cents per letter.

It might be worth that, but it is up to the individual banker to decide whether he would rather spend his money on mailing two letters like Mr. Kulp's or seven pieces of printed matter. A man with a small list will probably decide on the letters, while the man with a large list will probably decide on the printed matter.

The whole discussion boils down to this: The average new savings depositor in a bank is not a customer at all, because in the case of eight customers out of ten, he will not pay a profit unless he is subjected to additional selling effort. The best you can call him is a superprospect, and as such he deserves more attention than any other prospect on the bank horizon.

# The Four-Window Unit System

THE unit, as developed in the unit system of the Bank of Italy, of California, in some of its branches, consists of four windows, two of which are normally open at all times. As soon as the line gets over three deep, the teller presses a buzzer and one of the clerks who is helping sort and prove the deposits, opens the third window. Continuation of the rush means the opening of the fourth window. The bookkeeping for both savings and commercial is done at the rear of the cage. Statements are delivered by the tellers. There are no partitions between the four windows, but each teller has his cash so that it can be locked and balanced separately. With the bookkeeping and proving function in the cage, there is enough work for the third and fourth tellers so that if not needed at the window, their time will not be wasted. When a rush starts they are right at hand, enabling the bank to double its window capacity.—*F. L. Beach.*



Police, secret service men and a platoon of machine gunners guard the removal of gold, certificates and securities to the new home of the Federal Reserve bank in New York

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# The Menace of Stolen Securities

## With the Co-operation of the Banker It May Be Possible to Run Down the Thieves of $30,000,000 in Bonds and Stocks

*By* EDWARD H. SMITH

TOWARD the end of 1918, just after the armistice in Europe, an errand boy in the office of a New York broker was called to the window, given a large envelope containing bonds and sent to the bank to deposit them as security. When, at the end of two hours, he had not returned, the broker telephoned the bank and found neither boy nor bonds had arrived. That was the beginning of a long series of crimes against negotiable paper in the United States which today registers a total loss of twenty-five to thirty million dollars. The bonds and stocks have been taken by errant messengers, by bandits operating against the mails and banks, by burglars of bank and office safes and finally by common thieves of many grades. In the first year of the traffic about five million dollars' worth of securities were taken and the country was in a fever of excitement. Last year, strangely enough, the loss was still five million dollars—and no one paid much attention.

This falling off of interest, in spite of the obvious continuance of securities crimes, is due partly to the fact that these offenses are no longer a thrilling novelty, as they were five or six years ago. But this is not the chief reason. When the bond stealing started, messengers were known to decamp with half a million and more in a single haul, the record having probably been reached in the case of a young Chicago bond clerk who walked off with more than $700,000 worth of a bank's collateral. When the messenger boys and clerks had been checked, even more formidable foes appeared in the field, the mail bandits, who again and again made off with hauls of securities totaling from one million to three million dollars. Lately these large and sensational crimes have been lacking or extremely rare. Instead of eight or ten great robberies in a year, we have had many scores of comparatively minor thefts. Thus the public has come to believe, because the bond crimes no longer occupy the first pages of the newspapers, that there has been a great falling off. The facts are, as already indicated, otherwise.

As a matter of fact, the stolen securities traffic is today better organized than ever before and all kinds of paper values are being constantly traded in on a regular underworld bourse, which has its principal exchange in New York. I am told by the best authorities that there are at all times about three million dollars in stolen securities of all grades afloat in the New York subworld market and that anything can be bought there by the initiate, from Liberty bonds to wildcat stocks of only nominal value.

THE chief figures in this thieves' bourse, which has, as the phrase goes, "branches in all the principal cities," are well enough known in the sense in which many things are recognized that are not legally provable. Some of the more alert police and a few private detectives understand well enough how the business is carried on and, in most instances, by whom. But to prove their knowledge before a court might be a difficult matter. The bonds and stocks, coming in from the thieves or from middlemen in all parts of the country, go to fences or disposers, who pay anywhere from ten to seventy-five cents on the dollar of current market value for the stuff, all according to demand or negotiablity. Slow-moving stocks and registered bonds naturally bring low prices, standard bonds the highest, but usually not more than 50 per cent of their market price and often not more than 25 per cent.

The fences who receive these securities naturally have some other ostensible means of support. They are, to the outward eye and perhaps in fact, gamblers, bootleggers, furriers, shopkeepers, salesmen and what not. Anything that offers a disguise suffices them. What they do with the securities they buy from thieves and middlemen is a long story, part of which I hope to tell here.

The point to be made in advance is that this traffic in stolen securities interests and menaces the banker quite as much as the original theft or robbery of bonds and stocks. It is understood, of course, that the Negotiable Instruments Act protects the buyer in good faith of any and all securities, even though they may have been stolen. Thus the banker or broker who buys a stolen bond and pays an adequate price for it, not knowing the criminal history of the article purchased, is in no way liable. Yet there is an indirect menace in every happening of this kind that needs to be made clear if we hope to put an end to or curb the stealing

(Continued on page 32)

# In Eight Letters Beginning With H

## Hibernia of Portland Rides the Crest of the Crossword Craze to Gain Friends and New Accounts With a Puzzle of Its Own

*By* FRANK LOOMIS BEACH

"THEY are all working them," said the advertising man's wife as she stepped off the incoming eastern train and greeted her stay-at-home husband. "If you see the man at the next table with food untouched and looking as though he were trying to match his salary against golf dues, grocery duns, and milliner's bills—and losing—it's a five-honors-in-your-own-hand bid that he is a crossword puzzle fan. As a matter of fact when it comes to picking out fans, the difficulty in the East is finding someone who is not. The only immune person I saw was the man selling dictionaries, and he was too busy."

So it was that the disease was introduced into the A. M.'s household. Whether or not Berkeley was correct when he named the direction taken by the course of empire, there can be no question that clothes, business cycles, and other distractions trend their way westward. In a week the full flood of crosswords had reached the Pacific.

Old men trekking their way to the poorhouse; widows' competences dissipated by the personal friend named as executor: The advertising man had never faltered at grinding other people's disasters through his mill. Why not crosswords?

So it was that the Hibernia Commercial and Savings Bank of Portland, Oregon, sprang its contest. The theory was twofold. First, general publicity. Along in the usual run of advertisements that do their work day by day, an occasional display that nettles the reader so he stops, puzzles over the answer, talks to his neighbor; such an ad ought to be worth as much as a sermon about the kindly manners of the bank's officers.

Second, new customers. Checking the reasons people give for opening new accounts, we find the largest portion of the business almost always comes because one of the newcomer's friends does business at the bank and is pleased. If a bank starts new circles of people who might otherwise never have come in and treats them so that they become friends, it launches a widening ripple that ultimately will mean many contacts and many new accounts.

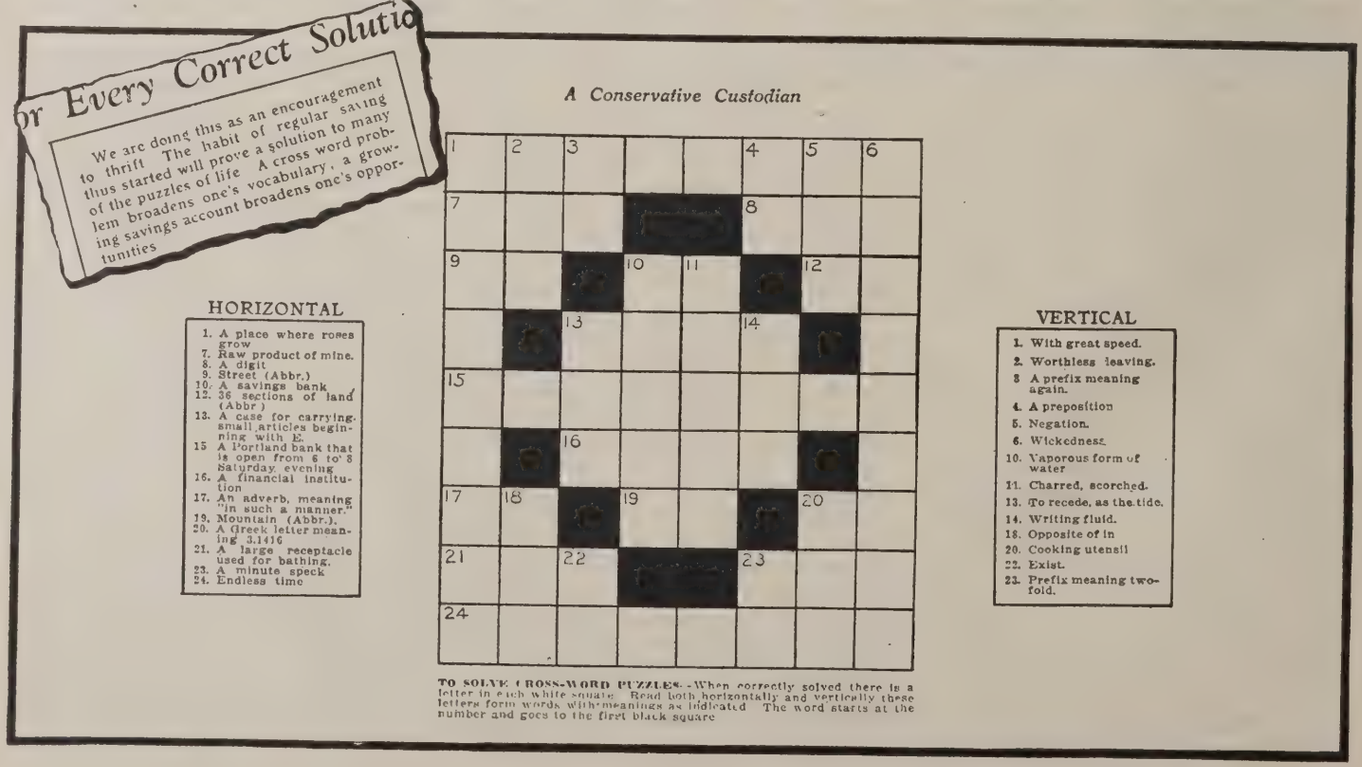
It was announced that there was a $25 grand prize and $1.00 for every correct solution. To encourage thrift the provision was made that to retain the dollar, an additional deposit must be made each month for six months. The bank felt that if it could get a person to accept a pass book and to come in and make deposits for six months, it could afford to risk a dollar on the chance of winning that man as a permanent customer.

The advertisement was run one time and brought in 285 direct accounts and the general advertising was carried into many thousands of homes. Unfortunately the ad appeared on a day when a storm hit the city, cutting down the normal estimate of the number of people who would make a trip to the banking section, even for a dollar.

The $25 grand prize was selected by lot and a letter sent to all the contestants announcing the drawee, explaining the purpose of the six months' conditions, expressing the thought that they would receive the main benefit from the habits of thrift thus inculcated, and endeavoring to assure them that they would receive a warm welcome to their new bank.

In designing the puzzle the thought was to strike a balance between the type that is so difficult that there could be only a few able to complete it and the puzzle that is so simple that it would arouse no interest.

As the bank examiner happened to be paying his regular visit, we were telling him about the plan. He started to go through the signature cards one by one. In a few minutes he held one up. "Here it is! I had a hunch my wife couldn't resist the combination of a crossword puzzle and a free dollar."



# Phantom Gold

By FRED COPELAND

"I HAVE come," grunted Herb Fiddock, unwinding a muffler from his ancient, citron-colored neck, "to get the money I deposited here quite a spell ago." Slowly Herb dug out of his inside pocket a small brown pass book and handed it out to Cashier John Atwood of the Ferndale National Bank.

"Why, Mr. Fiddock," exclaimed John, curiously examining the book, which had the freshness of being issued only that day, "this entry of $2,800 is thirty-three years old! We have no such account on our books now. This deposit must have been paid over thirty years ago."

"You refuse to pay it?" grated Herb Fiddock, beginning to show signs of heat.

"Of course," began John cautiously, "we will examine our old ledgers, but there has been no such account here since I came to the bank twelve years ago. And you know very well you wouldn't let it rest here without interest for over thirty years. Why, this bank never opened a savings department until twenty-four years after this book was issued."

"I found this book today in some old papers. I'd forgotten all about it," grimly persisted Herb Fiddock.

"Won't you leave the book? Perhaps our director, Mr. Clutchbill, may have some remembrance of the matter."

"No sir-e-e! I won't leave no book! I can tell yuh I know that money is here . . . . and I'm goin' to have it!!" Herb Fiddock stamped sourly out of the front office.

"I'll have Mr. Clutchbill here at 9 in the morning, if you care to call," John sent after him.

"That suits me," grunted Herb without turning his head.

That day after the noon hour, Director Clutchbill, as was his custom, drifted into the bank to enjoy his chair in a sunny corner by the window facing the street. "John, what's the news?" he asked carelessly as he relaxed in his favorite chair and gazed dreamily about.

"We're in for some trouble," said John, pulling a chair over close to Mr. Clutchbill.

"In the Spring . . . . that's when the crooks in this village feel their oats. Who's tryin' to overwhelm us now?"

"Herb Fiddock," declared John.

"What ails him?" asked Mr. Clutchbill softly.

"Mr. Clutchbill, unless we look out, I believe Herb can actually victimize the bank . . . . I believe he can make us pay him $2,800 a second time.




His eyes staring, John stifled a gasp of astonishment

He has a pass book with a single entry thirty-three years old calling for $2,800."

"What of it?" snorted Director Clutchbill, scowling and looking at John with squinting blue eyes.

"Do you remember this bank had a fire ten years ago before we moved to this office? Some of the old ledgers outside the cellar vault were burned."

"I remember," nodded Director Clutchbill uneasily.

"I have gone back in the old ledgers down cellar," resumed John, "and I find that the ledger and file of paid checks during the period Herb made his deposit of $2,800 were destroyed. But the oldest ledger we still have has no entry of his name in it."

"The old crook is trying to victimize us!" Mr. Clutchbill hit the arm of his chair three thundering bumps.

"I told him to meet you here at 9 tomorrow morning," said John. "I think he intends to be here. Do you know what I suspect? I suspect Herb may be taking a chance that the old ledger with his name is burned; that in some way he got hold of his paid checks years ago and kept his pass book unbalanced. I fancy it was an accident; that he really lost the pass book and it only came to light, as he says, in some papers he was recently looking over."

"Hell's Bells!" gulped Director Clutchbill. "I'm completely upset and spilt. I've got to see Lawyer Webb and get properly primed. You say Herb Fiddock claimed he'd be here at 9 tomorrow . . . . I'll be here, sure as cats wear whiskers," declared Mr. Clutchbill, pulling on his hat.

THE interview was brief the next morning between Mr. Clutchbill and Herb Fiddock. It took place in the darkened directors' room. The news that it was over came in the form of Herb Fiddock, himself. He issued suddenly from the directors' room door like a cork. As he hove in sight it was noted his eye was set on the knob of the outer door of the bank. Also one of his horny hands was reaching for it all the way across the bank lobby. Shortly afterward Director Clutchbill on weak legs but with warlike eyes staggered in from the private corridor to the directors' room. He motioned for John to come to him.

"John," exclaimed the old director when they were seated, "that pass book of Herb's is genuine. That entry of $2,800 and Herb's name are in the handwriting of a feller named Bixby who was cashier here at the time. Herb knows darn well we paid him his $2,800, for to my certain knowledge he ain't had $500 at one time for a quarter of a century. I asked him if he didn't feel sort of ashamed of himself. I told him it was the first evidence I'd noticed of his head gettin' meller. But meller or sound, he's madder'n a wet polecat because we won't pay him that entry in his ancient pass book. And I figure he'll

git a snootfull of hard cider and then show that pass book around the village and tell how we refuse to pay it."

"We ought to start a back fire, Mr. Clutchbill," said John anxiously. "Less than that has started a run on many a bank."

"I don't fear that none because everybody in the village knows what a monstrous crook Herb Fiddock is. But it'll be an awful blow to his many creditors to know Herb ever had $2,800 in his life, and they might take sides with him against the bank, hopin' to get a slice for themselves."

DURING the following days Herb Fiddock was careful to tell everybody he saw. And more than that, he was able to enlist the efforts of Lament Stitt, better known about town as the village pest; a low-springing, slant-browed ape of a man. Between them they were able to uncover a grasping lawyer who promptly started proceedings against the Ferndale National. Financed by Lament Stitt's money, the case was jockeyed in seven months into a house of judiciary which people had actually believed was a court of equity.

The day after the solons of this court of equity had handed down their decision against the bank, Director Clutchbill spent a silent and thoughtful session by himself in the sun beside the bank's front window. Sometimes he would look off over the roofs of the houses to the honest hills. Along in the afternoon he spoke to Cashier John Atwood, who was working quietly at his desk.

"John, it ain't so much the money—it's the unjustice. I've lived almost eighty year and I've met some awful scoundrels, but it's hard for me to believe white men, just as we supposed them judges to be, could hand down such a crooked decision."

"Has this bank actually got to pay that $2,800 again to Herb Fiddock?" asked John with the simplicity of a child.

"John, I've been lookin' yonder over the roofs to the clean, solid old hills . . . . and it's give me courage to go ahead. I'm going to fight it clear through county court. We'll probably get beat because there ain't no justice for a bank; everybody's against one in a law suit. We can at least trust in Gawd . . . . which is a lot more'n the other side could hope to do."

"I'll go on the stand at the jury trial and help all I can," stated John.

"No, it's better I should be the bank's Moses. Perhaps some miracle will happen. I shall have my length of lead pipe handy; someone is apt to show his head. John," reasoned Director Clutchbill grimly, "all the actual law a feller's got in this world is himself. Laws are made by lawyers for lawyers. They're just like lengths of stovepipe . . . . there's always a hole at both ends for a monkey to crawl through. And you can hitch just as many of these laws or lengths of stovepipe together as you want to and there is always the same old hole at both ends."

"I sort of wish I could help you at the trial," sympathized John. "It'll be a trying job for you, Mr. Clutchbill."

"Don't worry, son," smiled the old director with a friendly eye, "it's worth a lot to me to go onto the witness stand next month at county court and look down on that flower garden in hell . . . . 'tain't often you can see so many liars in one bunch."

It was on a cold December morning that Director Clutchbill, bundled in an ancient buffalo coat, and the bank's lawyer started for the county seat in an open car. The Ferndale National's board of directors had not lifted a single protesting voice when Mr. Clutchbill declared he was prepared to represent the bank. But from the bank's front window Cashier John Atwood watched his old friend depart and his heart went straight out to the faithful old warrior fighting so faithfully for justice where there was none.

EXACTLY two hours after Director Clutchbill's departure there came to the bank a village matron who would have been surprised into a couple of swift fits if she had realized she was suddenly to become an object of great importance in the Fiddock bank book case.

"Maria Sherwood," she cackled to John, "wants me to git her fruit knives out'n the box of silver she left in your cellar vault when she lit out to spend the winter in the city. Here's a letter she wrote so's you'll let me git into the box."

John glanced at the letter, although it was hardly necessary. "Come right down with me to the vault and we will get the fruit knives. I'd go alone," smiled John, "but I want you to see I don't take anything else."

"Land sakes! John Atwood!" chattered the villager, "how you talk! Everybody knows you're honester'n a one-armed contribution taker on Sunday morning."




"Personal admirers," purred Mr. Clutchbill, "you are lookin' at the original cat with the nine lives"

(Continued on page 44)

# Yankee Finance on the Seven Seas

## Highlights in the Romance of International Banking and the Methods of America's Greatest Agency in the Foreign Field

*By* DIRK P. DE YOUNG

"MANY are called, but few are chosen." Apparently but few of those called into the foreign field are chosen to succeed, and therefore many of the American financial groups who tried to establish overseas branch systems from Berlin to Bagdad and back again have little to show and still less to say for their globe-trotting adventures in trade and finance.

This chapter of the current banking history of the United States is almost as exciting as the tale of the Arabian Nights. Many who took branch banks abroad came home without them; others who planned ambitious banking projects on the seven seas pulled in their horns shortly after the post-war exchange pandemonium broke forth. But in this little romance of Yankee foreign finance, as the Antoine Galland translation of the "Thousand and One Nights" goes, the angel historian wrote and vanished and came back again with a great awakening light, recording the name of one who had been greatly blessed, and, lo, it was the International Banking Corporation of New York City, whose name, like Abou Ben Adhem's, led all the rest.

The International Banking Corporation, with a special foreign trading banking charter made to order by a special act of the Assembly of Connecticut, is one American bank devoted primarily to international banking through a system of foreign branches.



60 Wall Street

The National City Bank of New York has branches in South America, Cuba, the Carribean countries, and Europe, but since it took over the International Banking Corporation in 1915 by purchasing its stock, the City Bank's thirty-seven foreign banking houses co-ordinate their service with the thirty-two branches of the International. That combination gives this American financial group sixty-nine strong branches located in the leading ports of the world.

The International Bank is not a product of the hectic period of the late war. It was called into the foreign banking field long before that wildcat era when we thought that everything we touched abroad turned to gold. Its unique charter, with its exceptional latitude, dates back to the year 1901, following closely in the wake of the Spanish-American war. It was founded for the purpose of developing American foreign trade, establishing branches in the Philippines, Panama, and China, working hand in hand with Uncle Sam who blossomed forth then as a world power.

Thus the first foreign branch of the International Banking Corporation was opened in the Philippines, where for years it was the depository of the Government of the Islands, yielding that function in more recent times to the National Bank of the Philippines. From Manila, it hopped over to Shanghai in 1902 for the purpose of assisting the United States Government in the collection of the Chinese Boxer indemnity. In rapid succession, but never any faster than the conservative officers of this bank of international specialists felt that it would be safe, it moved into Pekin, Hankow, Tientsin, Harbin, and Dairen, all of which branches are now under the supervision of the parent-branch at Shanghai. Its other branches in Asia are located at Hongkong, Canton, Bombay, Calcutta, Rangoon, Kobe, Tokio, and Yokohama, at which latter point it lost its fine building during the recent earthquake in Japan. Its other branches on the Pacific are at Batavia, Manila and Cebu in the Philippines, Singapore in the Straits, and at San Francisco in the U. S. A.

Needless to say, this American banking chain has tremendous influence in the countries bordering on the Pacific. It assisted the American group of bankers in handling the Six-Power Loan to China, and the corporation now acts as the fiscal agent for that powerful group out there. At Pekin, the manager of the International Bank's branch also "sits in" on all financial conferences of state. During the World War its network of well-established Far Eastern banks was this country's first aid in financing large cargoes of essential commodities necessary for winning the war.

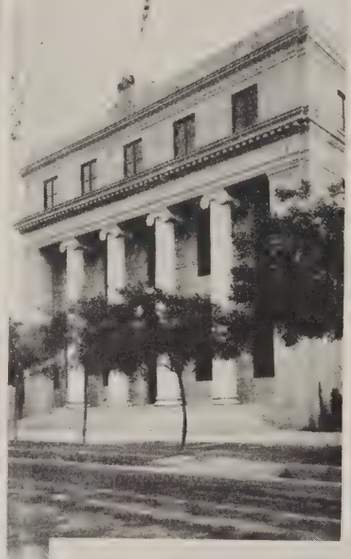
A well-trained staff, a thoroughly organized system, a seasoned management—officials brought up in the business—is the triangular base on which this large international bank with its far-flung ramifications rests.

The president of the corporation, H. T. S. Green, for instance, was born in Hongkong, and has been engaged in foreign trade banking for thirty-eight years, while the three vice-presidents, Lawrence M. Jay, L. I. Sharp, and M. D. Currie, have been in the business since they were old enough to carry a ledger—from twenty to thirty years. Moreover, there has been no change in the officers of this bank for the past ten years. Although it is controlled by a directorate composed largely of National City Bank men, with Charles E. Mitchell, president of the City Bank as chairman of the board, the actual management of the corporation is the same now as it was before the war. Trained men is one of the fundamentals of success in foreign trade banking, the same as in other lines worth while. Thus the directors, as a result, were wise enough





The staff at Bombay, including "Jamadars," "Durwans" and "Duftrys" in their picturesque uniforms



Above: Staff at Harbin, Manchuria, comprised of various nationalities. Russians and Chinese do the clerical work, assisted by the Compradore and his men

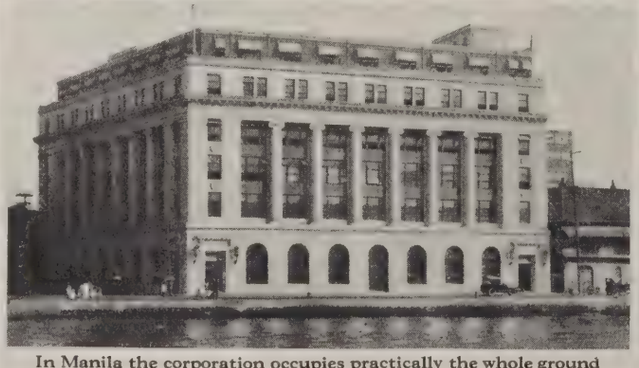
Left: The building at Pekin, China, built and owned by the corporation. It houses the manager and the junior foreign staff on the upper floors

Below: The home of the corporation in Hankow, China, occupying a prominent position on the river front



Canton, China, the latest addition to the company's buildings





In Manila the corporation occupies practically the whole ground floor of one of the largest office buildings in the Far East



55 Wall Street, home of the National City Bank of New York

not to "swap horses while crossing the stream"—the decade of international chaos through which the nations have just passed.

That same policy applies also in selecting foreign branch managers. Mr. Green showed me the records of most of the managers and assistant managers of the corporation's overseas banks. Hardly any of them have had less than ten to twenty years of experience in foreign trade banking. They are all trained bankers who have also mastered the technique of international banking practice—foreign exchange, social adaptation abroad, world politics, import and export merchandising, and so on. To succeed in managing a branch bank in a world port, one should be a man among men, widely read and well-grounded in international politics and economics, as well as an able banker and administrator.

GETTING men trained as bankers, plus all the other trimmings just enumerated to fit them for managing foreign branches, was the greatest problem of the institution in its first years. The professional international banker, with such training and qualifications as I have described, was a rare species in the United States when the corporation started twenty-three years ago. Thus, perforce, this bank took on Britishers, formerly employed in English banks abroad, and even today a little more than 15 per cent of the International Banking Corporation's overseas staff of managers are British subjects. The ultimate aim of the management is to Americanize the staff, however, as fast as conditions warrant. American bankers, gradually developing the international viewpoint, are being added all the time to their force of 1,545—among whom are over 200 senior and junior officers. The combined foreign staffs of the National City Bank and the International Bank total about as many as the American State Department sends abroad to look after the interests of the whole United States!

The corporation owns the large skyscraper at 60 Wall street, New York, in which it houses the headquarters of the enterprise on the fifth and sixth floors, well laid out with general administrative office, filing, cable, mailing, credit departments—even to carrying a stock of the samples of products in which the bank's branches are interested as bankers. It also has many splendid bank buildings abroad for its branches, some of them imposing structures costing upwards of $200,000 each. As I have said, its building in Yokohama was destroyed by the earthquake a little over a year ago, the bank sustaining losses on some of its collateral securing loans. There have been expected losses too, of course, but the corporation has averaged its risks so wisely and so well that it has undivided profits of $3,367,247.32, and capital and surplus of $10,000,000, and has paid quarterly dividends amounting to 20 per cent a year. The initial capital and surplus of the bank was $6,500,000.

As a rule, only men who grow up in the business are competent to qualify as foreign exchange specialists, the institution believes, and few possess the wide natural range of intellect and balanced judgment required to become really expert. To estimate accurately the trend of Chinese taels, Indian rupees, or Japanese yen, one's perspective must take in the commodities and the political and economic events of the whole world.

For example—as one of the officers pointed out—suppose India has a poor monsoon, which means that maturing crops will be short. The short crop in India causes a lessened demand for silver, the settlement medium of the Far Eastern countries, which metal then flows into China, increasing the supply and glutting the market there. A short crop also means that there will be fewer export bills to buy in India. It means further that less cotton goods will be purchased by the natives, affecting sterling exchange in Manchester where exports of such materials are accordingly curtailed; it influences Liverpool exchange because raw cotton is in less demand; it causes the price of the staple to drop in Dixie, upsetting things generally in an endless chain. Likewise, political events, which frequently cast their shadows before as well as behind, have to be watched, weighed and weathered by the foreign trade banks.

THE problem of transferring metal from New York abroad or from one branch to another, for the purpose of coverage, when other means of settlement run short, also requires much acumen in international banking. The head office must therefore carefully conserve its resources, if it does not want to get all of its capital out of hand and scattered to the four corners of the globe. It must also be careful to avoid the accumulation of metal in places where overstock is probable and a fall in price imminent. On the other hand it is frequently advantageous to shift metal quickly to a center in anticipation of a sharp demand. Such moves all call for study, and action based on experience and knowledge, in which the management maneuvers with its resources like a general on the field of battle. The London branch of the corporation is of great service in two particulars, that of gauging the price of silver and that of clearing sterling bills of exchange.

In this line, too, as in most other things, the element of time is an important factor. A branch bank abroad does not get large local deposits immediately. Especially in China, where the International Banking Corporation has been in business for twenty-two years, the people are suspicious of any new bank. A large capital statement, with a huge surplus, and tremendous other resources in the United States, carry no weight in Shanghai, Pekin, or Canton, among the natives. The newcomer, whether a banker or a beggar, has got to introduce his "chop" (trademark) and wait for a long time for results. It takes a number of years for a branch bank to get deposits worth while or sufficient credit to circulate its notes in Asia.

THE control system of the International Banking Corporation is—like its charter—comprehensive. It is doubtful if there is any other banking institution in the United States which has so many checks and balances in its operations, from the hiring of office boys to the management of individual branches. Every boy taken on is engaged with a view to his potential qualifications for special work—foreign trade banking. The men are placed in Java, Singapore, China, or elsewhere, with due regard to their temperaments, physical disabilities, or other factors. The personnel manager gathers extensive data regarding social conditions, weather, and general living costs and conditions at the different ports abroad. The pay is based on his findings, promotion is systematic, with due consideration for ability demonstrated, while no man is eligible to go abroad for the corporation until he has been trained at least two years in the home office. The American Consular Service, operated under the merit system, is not managed with more care and detail than this bank's foreign staff.

Weekly reports are received at the head office in New York from each of its thirty-two branches, giving exchange rates on all centers, such as London, Paris, New York, and Amsterdam, as well as rates on chief points where the corporation has branches. These reports also show all purchases and sales of all currencies, yen, pesos, pounds sterling, rupees, etc., and give the names of all parties to these exchange contracts. They show further the immediate cash position of each branch, the reserve against deposit liabilities, and the position of each with respect to contracts covering purchases and sales of exchange for future delivery. They also contain brief paragraphs on political conditions, and on the state of the market for local securities as well as the principal items entering into the import

(Continued on page 47)

# Keeping Pace With St. Petersburg

## How a Bank in Florida Took Advantage of Its Larger Quarters Made Necessary by Rapid Expansion

*By* T. D. MACGREGOR
9 Hanover Street, New York City

ANYBODY who hasn't visited Florida in the past year or two simply can not understand or appreciate the development that is taking place in that state at the present time. I have been there twice within a year, so I know whereof I speak. The whole state is booming. It is a healthy, substantial boom with reasons back of it. One of the chief manifestations is in real estate activity, especially in and around the leading cities like Jacksonville, Tampa, Miami, Orlando and St. Petersburg.

I write of the latter city because it provides a special advertising story in connection with the remodeling of the home of one of its progressive banks.

St. Petersburg, "The Sunshine City," is on the West Coast, beautifully situated on the Pinellas Peninsula between the Gulf of Mexico on the one hand and Tampa Bay on the other. A few weeks ago there was completed a connection of the city with Tampa by means of the wonderful new automobile causeway across Old Tampa Bay—the Gandy Bridge.

Although only about a third of a century old, St. Petersburg now has a permanent population of at least 25,000 and at times during the winter season it has three times as many visitors. Summer and winter are both busy times in St. Petersburg. In the summer the city is getting ready for the influx of winter visitors from the North; in the winter it is taking care of them.

They are a pretty good class of people that go to St. Petersburg, too. At the roque courts, on the famous "green benches," fishing from the pier, or bathing at Pas-a-Grille or other nearby beaches, you will see a cross section of the better class of Americans from the New England, Middle Atlantic and Middle Western states. About the only use they have for policemen in St. Petersburg is to regulate traffic in front of the churches Sundays—so many people go to church in their cars.

NATURALLY the banks in such a community are busy. One of the busiest in St. Petersburg is the Central National Bank and Trust Company, of which the dynamic A. F. Thomasson is president. This bank is located on a prominent corner of Central Avenue, the city's leading thoroughfare. Several times the growth of the institution has necessitated the enlargement of its quarters. Early in 1924 it was found that still further expansion was



## Come In And See Our New Quarters: Open Tomorrow

The banking room of the Central National has been doubled in size and completely remodeled. Tomorrow we hold open house for the residents of and visitors to St. Petersburg. We cordially invite you to come and see us. Our directors, officers and employees will be here to welcome you and to show you the many new features.

Founded in 1905, the Central National has constantly progressed with the community it serves. In 1911 the first three floors of the present building were constructed. The old building was moved into the street to make room—literally the bank conducted its business "in the street." Then followed the addition of two more floors.

Today our quarters are the climax of nineteen years of steady growth—the last word in bank architecture. Departments are most conveniently located; the physical equipment of the whole institution — tellers' windows, officers' quarters, safe deposit facilities—is vastly improved.

The banking quarters are lined with travertin, stone sawed from lava from Mount Vesuvius and honed. Floors and counter bases are of pink Tennessee marble. The cages, grilles, gates and standards are of solid bronze specially designed and ornamented with fruit, fish and flowers native to Florida. Two solid bronze clocks, one front and one rear, and a unique timepiece in the floor of the entrance remind the visitor that his minutes are always considered here.

The Central National Bank and Trust Company was founded to serve St. Petersburg, its residents and its visitors. We have grown with our community; we shall continue to grow with our community.

Come in and see our new quarters—open tomorrow.

*9 A.M. to 5 P.M.* *9 A.M. to 5 P.M.*

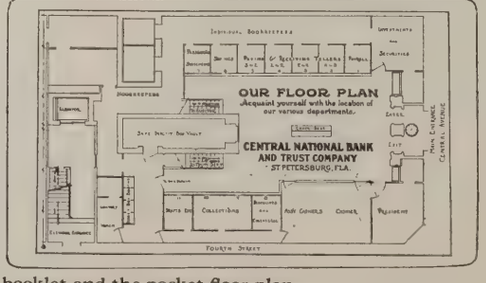
CENTRAL NATIONAL BANK
AND TRUST COMPANY

Resources more than $5,000,000
St. Petersburg, Fla.

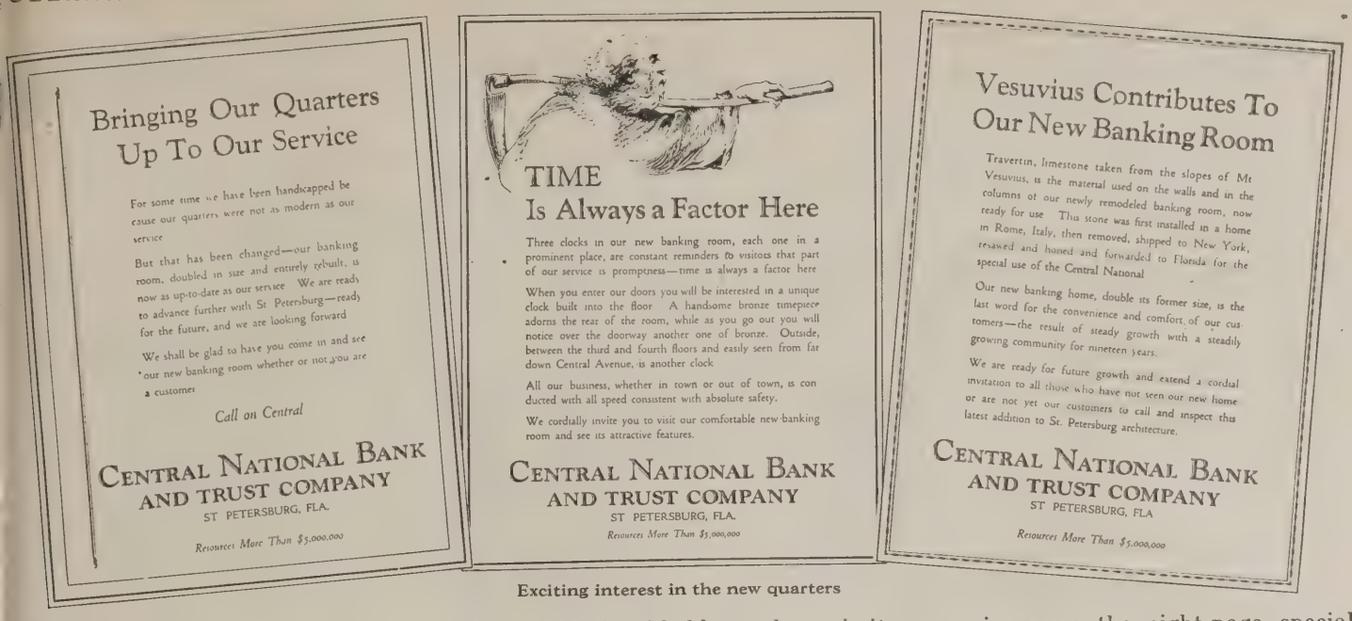
CENTRAL *for*
St. Petersburg



*---and* Its Visitors




Advertisement of "The Day," the cover of the booklet and the pocket floor plan




**Exciting interest in the new quarters**

necessary. The entire ground floor was remodeled so that the space available was doubled. Business went on as usual during the changes and it wasn't like Solomon's temple for the sound of the hammer was heard. But the bank staff and depositors lived through the experience.

From time to time through its newspaper advertising, the Central National kept its customers and the public informed as to the progress of the work, or described some feature of the new quarters. Three of those advertisements, which occupied space of three columns by eight inches, are reproduced. I am also showing the larger advertisement of four full columns which appeared in the evening paper of the day before that on which the new quarters were opened to the public.

From 9 a. m. to 5 p. m. on Armistice Day, November 11, 1924, the Central National held open house in its enlarged home. Thousands of persons availed themselves of the opportunity to see the fine new quarters of the bank. The directors, officers and staff were all there to greet visitors, to show them through the building and to answer questions. Each customer and visitor received a copy of a handsomely illustrated booklet entitled "Central for St. Petersburg—and its Visitors." This booklet described the building and outlined the functions and services of the institution.

ANOTHER piece of advertising was a celluloid card with a floor plan of the bank on one side and a listing of services of the bank on the other. This card is an advantage to customers in locating any department or individual officer.

Undoubtedly the biggest advertisements the Central National had on this occasion were the eight-page special supplements put out by the *Times* and the *Independent*. One of these carried a streaming headline across the top of the first page reading, "New Bank Quarters Milestone in City's Progress." The supplement contained pictures of the bank building, portraits and sketches of the officers and employees and a history of the bank and of the community. There was also a detailed description of the building, including an interesting account of travertin, which was the basic material used in the building. This also provided the rather intriguing headline for one of the smaller advertisements which appeared prior to the big opening. It was headed, "Vesuvius Contributes to our New Banking Room," an allusion to the fact that this particular stone came from the lava-covered slopes of Mt. Vesuvius.

# The Certificate of Deposit Controls

## A Four Unit Automatic System That Saves Time and Is More Convenient and Accessible for One Banking Institution

*By* O. B. LOVELL
First National Bank, Madison, Wis.

FOUR-THIRTY p. m. The bank was closed, of course. The paying and receiving tellers were almost through "counting cash." In fact, most of them had already stored their working cash in their respective private compartments in the big vault, and were about to leave the bank to indulge in various forms of much needed outdoor recreation, while it was yet daylight.

The teller in charge of the drafts and certificates did not appear to be in the same carefree state of mind as were his co-workers, who were about to leave.

"Aren't you coming along, Riphahn?" said Stephan, one of the receiving tellers.

"Not tonight John!" emphatically declared the certificates teller. "I've been putting this job off as long as I dare to. I must get these 'C/Ds' balanced up tonight if it takes until midnight. You know we are about due for another visit by the examiner, and there are many things I like better than having the officers and directors receive a report that the 'C/Ds' are off."

"Well, it hardly seems fair that you should be about to begin another day's work when the rest of us are leaving," declared Stephan. "Why don't you have someone prove that register during the day?"

"Because it can't be done," said Riphahn. "We have but one register, and I must use that in my cage during the day, when the windows are open."

"Well," said Stephan, "just to show you my heart is in the right place, I'll stay and give you a lift."

"Thanks, John, for your good will, but you can't help me. You see this is a 'one-man' job. There is only the one

(Continued on page 48)

# Insolvencies on the Stock Exchange

## Frequent Examination and Audit Undertaken to Reduce Member Failures—Already Low Compared With Banking and Business

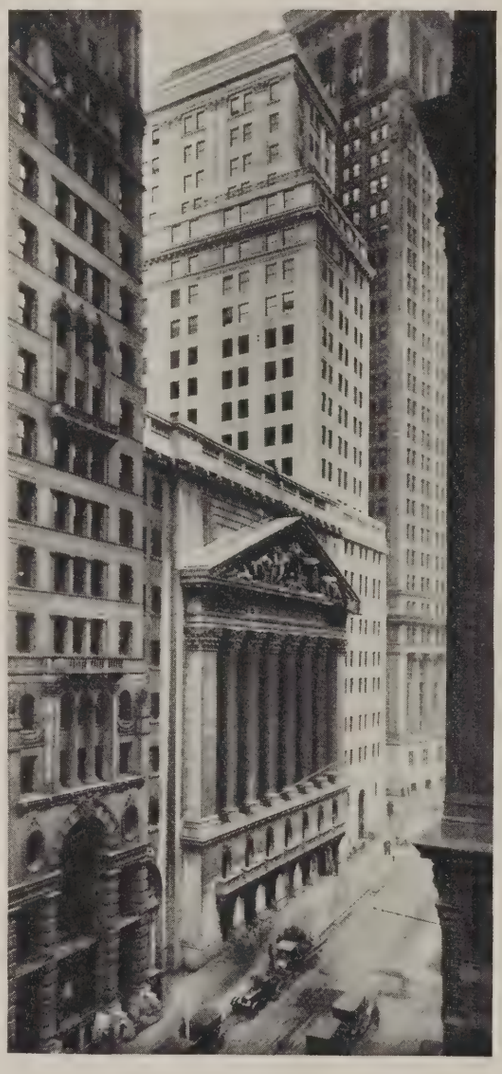
*By* J. E. MEEKER
Economist to the New York Stock Exchange

AS LONG as business enterprise inherently involves the assumption of risk, to some extent cases of insolvency will always be inevitable. Any scheme for keeping an actually defunct business alive through artificial means, not only increases the danger of larger ultimate losses, but also removes the premium which, for the good of society, must be placed upon caution and efficiency in business management.

It would, therefore, be peculiar indeed if the member-firms of the New York Stock Exchange, constantly faced with the ever-changing values of the American securities market, did not occasionally find themselves unable to meet their contracts. The really surprising feature of Stock Exchange insolvencies is their comparative infrequency over the past quarter-century. From 1900 to 1923 inclusive, the yearly average of Exchange insolvencies has been 5.58, or 0.50 of 1 per cent of the total membership. Moreover, on the average, 1.33 members previously declared insolvent have each year settled with their creditors in a satisfactory manner and have been reinstated upon the Exchange. Thus, the real failures of Exchange members have amounted to only 4.25 each year, or 0.38 of 1 per cent of the total membership.

Comparison with failures in other fields of enterprise discloses how low this proportion of insolvency among Stock Exchange members really has been. Even national banks, from 1900 to 1923, averaged 14.33 failures annually, or 0.21 of 1 per cent of the average number existing each year. Over the same period, failures of all American banking institutions averaged 0.59 of 1 per cent each year, and those of general business firms 0.88 of 1 per cent.

During 1923, member insolvencies amounted to 0.45 of 1 per cent of the total Exchange membership, while the failure of 77 national banks constituted 0.90 of 1 per cent of existing national banks, and the failure of 578 banks of all classes constituted 1.92 per cent of the total number of banks in the country. In the same year, 0.94 of 1 per cent of the total number of commercial establishments in the United States declared their insolvency. Thus, in 1923, failures of Exchange members were, in proportion, only half as common as those of national banks and commercial houses, and only one-quarter as common as those of banks of all classes. From indications the figures for 1924 should be even more favorable to Exchange firms, only two of which have failed so far this year as this is written early in December.



This creditable showing of Stock Exchange members in the matter of insolvencies has been due, not only to more and more efficient business methods developed in the New York securities market in the course of over a century, but also to many carefully framed and strictly enforced rules of the Stock Exchange itself.

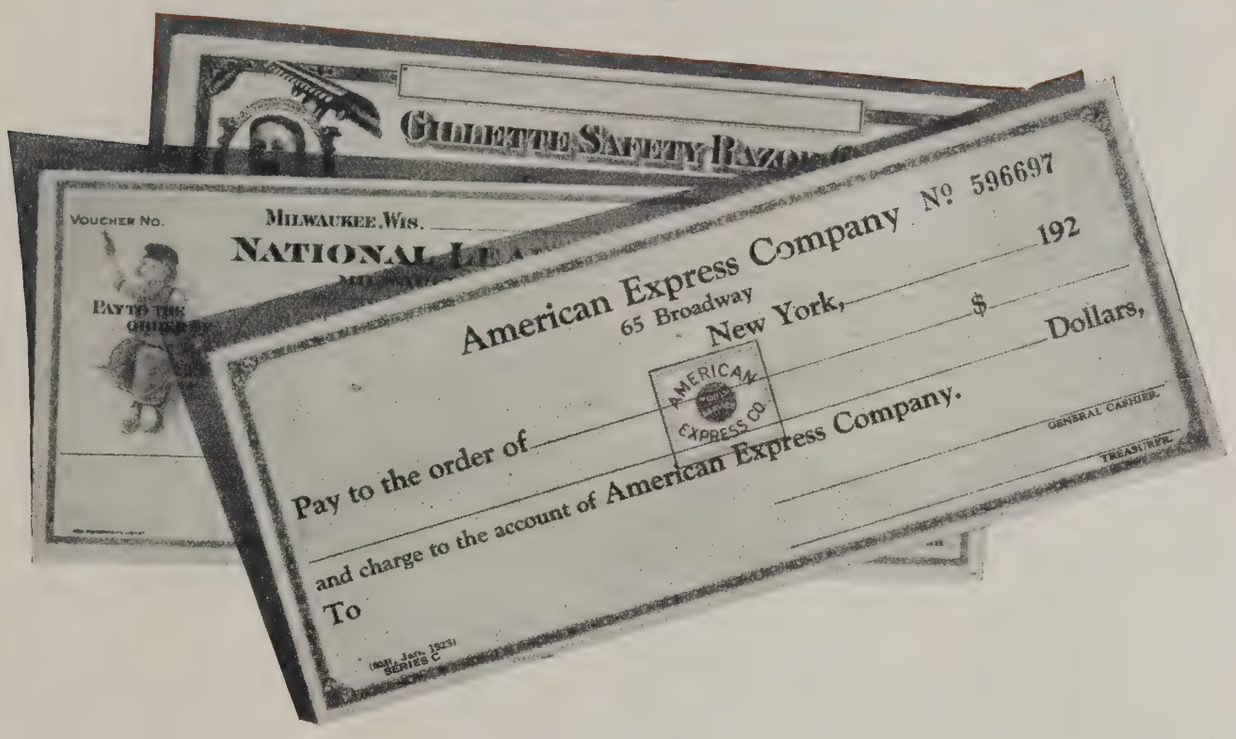
Brokerage, like other business insolvencies, may be attributed to two principal causes: (1) illiquid capital, or slow assets; and (2) impaired capital, or vanished assets.

The problem of slow assets develops in the stockbrokerage business as a result of inexperience, carelessness and faulty judgment. It must be remembered that many New York Stock Exchange houses are members of other stock exchanges as well, and also deal extensively in unlisted securities "over-the-counter." Some likewise participate in underwriting syndicates and sub-syndicates for the flotation of new issues of stocks and bonds. In addition, many Exchange firms maintain departments for dealing or handling orders in grain, cotton, and other staple commodities, foreign exchange, commercial paper, and other financial instruments. Assets acquired in the course of these various pursuits sometimes become illiquid and unsalable, with the result that the firm in question may be compelled to suspend on the New York Stock Exchange. If, however, the firm's assets are merely "frozen" and not permanently depreciated in value, it should, after a time, be able to satisfy its creditors and perhaps even to re-engage in business.

The second general type of insolvencies, due to previous losses of the firm's capital, is of course a more serious matter as a rule to the customer. Here again, the different ways by which a firm's capital may become impaired are many, even apart from unsuccessful dealings in securities or commodities. The volume of brokerage commissions may fail to carry the overhead, which in recent years has been especially heavy, owing to high rents, high salaries, high costs for wire service, and excessive taxation. The firm may suffer "internal losses" through the dishonesty of a partner or an employee, precisely as banks may occasionally suffer from theft and embezzlement by its officers or clerks. The value of securities held for customers on margin may depreciate to such an extent that the accommodation extended to them by the broker may not be adequately secured; in case customers cannot or

(Continued on page 36)

# The safest of check papers . . . *and the handsomest*




PROVIDED we could assure your depositors by buying Protod-Greenbacs, they could make certain that their checks—their personal currency—were as handsome as any in existence—they would be interested, naturally. A finely designed check, a beautifully printed or lithographed check, is taken for granted in Protod-Greenbacs. But more—we guarantee safety!

Protod-Greenbacs are as scientifically designed as government notes. They are printed or lithographed only to order—never sold in blank. Their construction is so complex as to defy counterfeiting. The complicated dot pattern, if once removed, cannot be replaced. The first drop of forger's acid causes the word "void" to flash upon the face of the check—nullifying it instantly.

To advise your depositors to use Protod-Greenbacs is to recommend to them the finest checks in existence. And to minimize the chances of disputes over check tampering that would almost certainly lose valuable accounts! Protod-Greenbacs may be purchased reasonably—even in small quantities.

Please use your letterheads in writing for detailed information on this finest personal currency. Todd Protectograph Co., Inc. (Established 1899). 1186 University Avenue, Rochester, N. Y.

1



*The Protectograph,* it is estimated, eliminates at least one-third of all check frauds by preventing *raised amounts.* The Protectograph is made in a variety of standard models, one for every type of business, priced from $45 up.

2




*Todd Checks,* with their patented self-cancelling features, eliminate another one-third of possible check losses by preventing *change of payee's name, date* and *number* and *"counterfeiting."* Todd checks are designed for business and personal use. They are reasonable in price—even in small quantities.

3



*Standard Forgery Bonds* cover the remaining check-fraud possibilities, namely, forgery of signature and forgery of endorsement. Qualified Todd users receive standard policies at the most advantageous discounts.

## TODD SYSTEM OF CHECK PROTECTION

TS




# The

## Kardex Institute

Kardex Institute is an organization of business specialists engaged in research and educational work on business management. By endowment it is free from the necessity of financial return.

Its services are available to all business executives for the nominal registration fee of $5.00 for six months. Monthly reports on business conditions and management methods are published. Those registered are further entitled to the assistance of members of the Institute staff in the solution of their individual business problems.



# reatest Force In Business

Men talk of the great forces in business, the action of economic laws in world markets. How often they seem unaware of the greatest force of all—the force of ideas.

It is recognized that the ideas behind mechanical inventions have made the world over. But consider the force of the idea that developed into the Federal Reserve Banking System. In like manner other ideas in finance, in production, in selling, in every commercial occupation, have wrought notable changes for the better in the business world.

No executive can afford to be unreceptive or indifferent to new ideas lest he miss something of tremendous advantage. Failure to keep abreast of the times is one of the most important causes of business failure.

To discover, to examine and compare ideas that improve methods of business management, is the purpose of the Kardex Institute. Register your name and business with it today. Its reports and its service are of the greatest value.

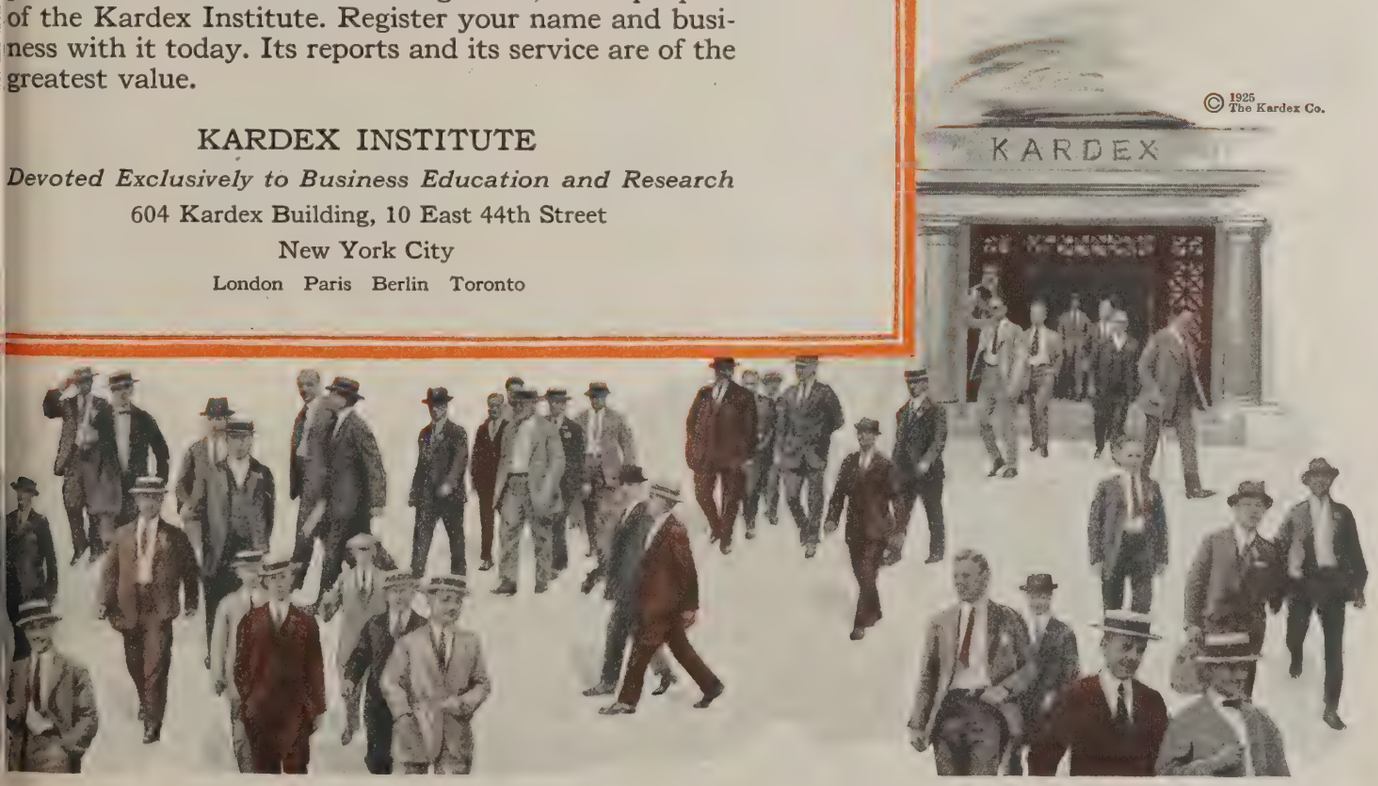
KARDEX INSTITUTE

*Devoted Exclusively to Business Education and Research*

604 Kardex Building, 10 East 44th Street

New York City

London Paris Berlin Toronto



GF Allsteel
The Complete Line of Office Equipment

**Allsteel Desks**

**Appearance** — Rich, baked-on enamel, olive green or mahogany. Bronze trimmed. Wear-resisting, stain-proof dark green linoleum top.

**Utility** — Drawers operate smoothly—noiselessly. Files of all sizes may be fitted in drawers. Automatic central lock.

**Long Life**—Desks indestructible. No warping, marring or checking. No sticking of drawers.

**Complete Line**—Roll top—flat top—typewriter—single or double pedestal.

**Reasonable Price**—Prices no higher than for high grade wooden desks.

*Shelving, Files, Desks, Transfer Cases, Safes, Counter-heights, Sectional Cases, Accessories and Supplies.*

The General Fireproofing Co.
YOUNGSTOWN, OHIO
Dealers Everywhere



# The Compound Interest Column

*By* DON KNOWLTON

YES, I suppose some people think that these breakfast food companies issue cereal bonds.

"Merely acting in a fiduciary capacity," as the assistant trust officer said when he kissed his stenographer.

*What did they, anyhow?*

What, oh what, did the office boys do
Before hair oil was sold?
How did they manage to glue their locks
So tight that they would hold?
How did they have the nerve to talk
To girls, in days of old?—Oh!
What, oh what, did the office boys do
Before hair oil was sold?

Tell me, what did the tellers do
Ere fingernails were shined?
Who did they find to hold their hands,
Ere buffers were designed?
How did they handle the filthy dough
With nails of the ancient kind?—Oh
Tell me, what did the tellers do
Ere fingernails were shined?

What did all the stenographers do
Before the Marcel craze?
How could they get invited out
With hair in the olden ways?
What did they do when they "went to lunch"
In by-gone straight-hair days?—Oh
What did all the stenographers do
Before the Marcel craze?

What did the junior officers do
Ere golf became the thing?
How did they manage to sneak away
And forget the clock to ring?
How did they used to find a way
To join the social fling?—Oh
What did the junior officers do
Ere golf became the thing?

The stenographic department can always work short-handed.

It would be just like a bank examiner to sing "Somewhere a Voice is Calling."

Deposits had been going up.

The Adv. Mgr. plotted a graph showing the increase, took it to the President, and said,

"Don't you think that's due to advertising?"

"Oh no—business conditions," said the President.

Deposits had been going down.

The President plotted a graph showing the decrease, took it to the Adv. Mgr., and said:

"Don't you think that's due to advertising?"

"Oh no—business conditions," said the Adv. Mgr.

"Can you please tell me what my balance is?" asked the lady customer.

"Yes, ma'am," proudly answered the new guard who had been studying his lesson. "It's the amount of money you have on deposit, ma'am."

It's out of date to make fun of the pens in bank lobbies. Nowadays our pens come up to scratch.

*The Banker as He Is Printed*

(Affectionately dedicated to the closing paragraph of any booklet ever issued by any bank anywhere—"our officers are always glad" etc., etc., etc.)

We are the merry bankers,
The jovial bankers we;
With cheerful hail we take your kale—
We drip with courtesee!
When you come in to see us,
We're overcome with glee—
In joy unique, we fairly reek
With Hospitalitee!
We are the happy bankers,
The unctuous bankers we
And low we bow as we allow
Deposits, as you see!
So step right up and shake our hands,
It's absolutely free!
From dome to shoes we fairly ooze
With Hospitalitee!

## Teaching the Teacher

THEODORE N. VAIL'S coachman, who lives near the former home of the telephone magnate at Lyndon, Vt., loves to tell of the time his employer gave him a lesson in courtesy. It came unexpectedly when he met Mr. Vail at the railroad station with a handsome pair of black horses and a two-seater. After greeting him with his usual cordiality Mr. Vail said: "George I've been thinking you are getting a little careless in your courtesy to my guests when they arrive at 'The House.' Now I will be the driver today. You sit in the back seat and I will show you how to welcome my friends."

Obeying orders, Mr. Vail held the ribbons and the coachman took life easy on the back seat. Arriving home, Mr. Vail jumped out, and opening the carriage door said, "Here we are at 'The House.' Mr. Vail will be very glad to see you and the butler will take your baggage. Right this way, please."

The coachman stepped out, thanked the driver for his courtesy, at the same time slipping a dollar bill into his hand. In telling this story he says Mr. Vail was convulsed, exclaiming, "You've got me down this time, old man."—*The Boston Globe.*

*for Economical Transportation*

CHEVROLET

# New

***New*** value—new quality—a new line of Chevrolet models far better than ever before. The public has recognized that Chevrolet represents a high standard of quality at low cost. As a result Chevrolet has become the world's largest producer of automobiles with standard three-speed transmission. Now this Chevrolet quality has been greatly increased. The new Chevrolet embodies quality features such as you would expect to find only on cars of much higher price.

***New*** chassis—with a larger, stronger frame; new semi-elliptic chrome vanadium steel springs; new and stronger front axle; completely new rear axle of finest construction—banjo type with one-piece, pressed steel housing and greatly strengthened gears; improved fully enclosed, dry-plate disc clutch which requires no lubrication; extra heavy brake bands on big 11-inch brake drums; a new and easier steering mechanism and many improvements on the famous Chevrolet motor.

***New*** bodies—of even greater beauty and comfort. Open bodies have new windshield with very low bottom panel, rubber weather stripped, and disc wheels with balloon tires optional at small additional cost. All models have cowl lights and new instrument board. The new radiator is of more beautiful design, made of non-rusting airplane metal. All closed models have new and exceptionally beautiful Fisher bodies with the new VV type closed body one-piece windshield and automatic windshield wiper. Coach has balloon tires and Sedan and Coupe have disc wheels and balloon tires as standard equipment.

***New*** finish—all models are now finished in Duco, the new finish that retains its color and lustre almost indefinitely and withstands very much harder usage. Here, again, is a quality feature hitherto not found in other low-priced cars. The new Chevrolet open models and coach are finished in rich dark blue—on the sedan is used a beautiful aqua marine blue for lower panels and hood, upper panels in black—coupe with lower panels and hood in sage green, upper panels in black.

## *See Your Nearest Chevrolet Dealer*

CHEVROLET MOTOR COMPANY, DETROIT, MICHIGAN
*Division of General Motors Corporation*

Q U A L I T Y A T L O W C O S T

## *Mr. Banker Read This!*

### THEN WRITE

No other bank can have checks just like yours.

Special Design Safety Checks with your own bank name or trademark impregnated on both sides of the paper.

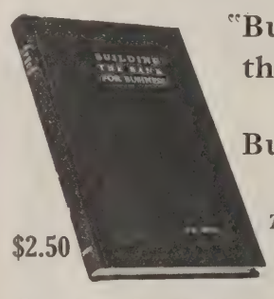
**Stands any safety test, low prices. Same quantities you now buy.**

**Write advising quantities you use. We will submit design for your bank, send samples and quote prices. There is no obligation. Write.**

**MIDWEST LITHOGRAPHING CO.**
**St. Louis, Missouri**



## *"I read it through several times"—*



"Building the Bank *for* Business"

*By T. H. Moyer*

**$2.50**

***Stephen S. Hall, Vice-Pres.*** Firestone Savings Bank, Portland, Conn., says:

**"I Have read through the book several times. It will be of great assistance to any banker, even those experienced in building."**

If it so *deeply* interested him, it must certainly interest you.

In this practical, understandable book, you will find suggestions and ideas that have actually been used in building *successful* bank buildings.

Send for your copy today—$2.50 postpaid.

**THE DANDO COMPANY**
**533 North Eleventh Street, Philadelphia**


## The Menace of Stolen Securities

(Continued from page 17)

and robbing of securities. To see what this peril is we must go back and look at the methods of fencing and disposing of stolen paper.

The most ordinary methods of getting the cash out of fenced securities is to offer them to venal brokers who "take a chance." There are numbers of these in all cities. They take in bonds and stocks, apparently well knowing that they have been filched from somewhere. When the police come and demand, "Did you know the man from whom you bought?" their answer is ready. "Yes, he came in here and did a little busines with us. He lives at 211 Joke Street. We thought he was all right." The officers find there is no such man at the address given or that there is no such address. They strongly suspect that the brokers bought the securities at low prices, which would be, on its face, evidence of guilty knowledge. But here again there is no hope of proving anything. So long as the broker's books have been made to show a straightforward transaction, nothing can be done about it.

In the case of Liberty bonds it is easy enough to go to the nearest Federal Reserve bank and offer a few bonds at a time for purchase. In the first place, the probability of discovery by the officials that the bonds are stolen is not great. The list of stolen government bonds is so long today that it takes many hours to go through it. And if it should be discovered that the bonds are on the theft list, the fence is still in no danger. He has, of course, protected himself with a bill of sale which seems to show that he bought the securities from someone else. That someone else either cannot be found or he has a bill of sale from a third person, whose whereabouts no one knows.

BUT these are not the methods of stolen securities disposition that will interest banks and bankers. For those we need only to turn to the records of actual cases. There was the Nicky Arnstein affair in New York, for instance, perhaps the largest and boldest of all the plots to steal securities. It was shown in court that the Arnstein gang put up $90,000 worth of stolen bonds in a large New York bank in return for a loan of $65,000. The next day it was suspected by the bank that the bonds had been stolen and the men who got the loan were forced to take the collateral back and return the money. The conspirators then took these ninety bonds to Washington, together with about $300,000 worth more of similarly stolen securities, and obtained heavy loans from several of the largest banks without trouble.

Later on in the history of the securities traffic, came the celebrated trials in Minneapolis of conspirators who were engaged in "putting down" bonds taken from the mails by several of the bandit gangs several years ago. The postoffice inspectors found that bonds taken in one of these bandit raids were coming in through Minneapolis brokers. They went to the Mill City and began their investigations. Shortly they found that several responsible banks had taken small blocks of the stolen bonds for collateral to secure loans. This was no longer surprising, but the inspectors were dumbfounded when they discovered that in each case the bank had made the loan to some responsible man of business with a good record and high standing in the bank and community.

ONE of these men was haled to his bank and asked to explain. Where had he got these bonds? Did he know they were stolen? Well, they were and he would have to account for them. The frightened merchant began a story that was soon repeated with slight variations by all the others.

There was in town a well-liked but irresponsible business man, who still had friends but no credit, having lately been taken into the bankruptcy courts. Let us call this man James Black, since his proper name escapes me. Black had gone to the reputable merchant in question and said:

"Julius, I owe you three hundred dollars. I didn't put it on my bankruptcy schedules because I wanted to pay you in full. Now you can help me do it. I've got five bonds here that I managed to save from the wreck. If I go to the bank and try to make a loan on them those wolves will come down and take them away from me—my last savings. What I want you to do is to take the bonds, go to your bank, borrow the limit on them and bring me the money. Take out the $300 I owe you and two hundred more for your trouble. How's that?"

And Julius, knowing nothing against Black save his impecuniousness and his business failures, and tempted moreover by the prospect of recovering $300 he'd never hoped to see—and two hundred besides—went to his bank and procured the loan. So did Charles and Jake and John and Clarence and a few other old acquaintances to whom Black owed money or who felt sorry for him.

In these cases the banks were, to be sure, not responsible and neither were the merchants subject to criminal charges, though they stood in some danger of being held responsible to the banks in case the government replevined the bonds. Black, on the

(Continued on page 34)

# *Record sales*
## of American Express Travelers Cheques the result of superior service

***Again it is the pleasure of the American Express Company to report a yearly sale of American Express Travelers Cheques unprecedented in the history of travelers cheques.***

***The figures for the fiscal year 1924*** exceeded by many millions the record sales of 1923; and showed an increase of more than 400 per cent over the great travel year of 1913.

***To the 17,000 banks*** whose patrons thus insured their travel funds, ***these figures tell this significant story of practical service to travelers everywhere:—***

***In the United States,*** 26,600 express offices as a unit have striven to make journeys more pleasant and easier for those who are away from home.

***In Europe,*** more than 2,500 American Express employes have worked hard and successfully to insure happier and safer tours to American travelers in strange lands.

***In South America and the Far East,*** proportionate staffs of trained Americans have performed similar services.

***Wherever travelers have been,*** they have found American Express representatives ready and willing to aid them.

***Apart from the safety of their travel funds,*** and the services which automatically came to them because they carried American Express Travelers Cheques, thousands of travelers have profited by the world-wide use they have made of the services of the American Express Travel Department. This department has relieved them of all annoying details of travel, securing their travel accommodations, steamship tickets, railroad tickets, hotel reservations, itineraries, etc., etc.

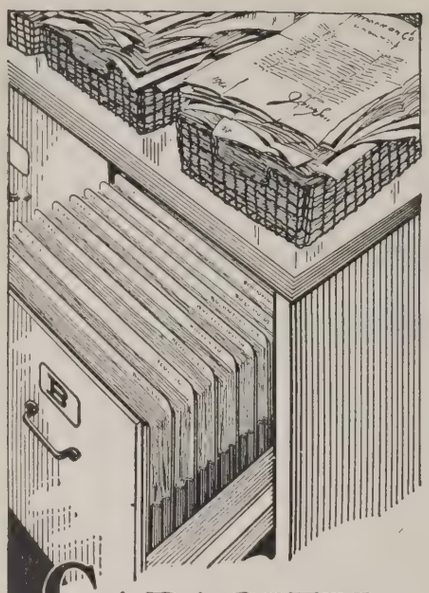
***American Express Travelers Cheques*** are known wherever there is a semi-civilization. Wherever there is a beaten path of travel, the American Express Travel Department provides every service needed by the traveler.

***The past year has been a record year.*** But these statements are made especially to affirm to the banks that the American Express Company has kept faith with them. It has served widely and well those traveling patrons whom the banks have entrusted to its care.

***Each year marks a steady expansion*** in the growth of the American Express organization. For 1925 plans are already under way for enlargements in the buildings given over to the use of travelers in Paris and other foreign centers.

# American Express Co.
### *65 Broadway, New York*

OFFICES IN ALL THE PRINCIPAL CITIES



# CAPACITY WHEN NEEDED

Like the extra power of a high-grade motor car—instantly available—the expansion feature of VERTEX File Pockets affords *capacity when needed.* In filing an extra heavy day's accumulation of papers, they just naturally expand as each sheet is inserted.

Standard in size with ordinary manila folders, VERTEX Pockets will accommodate, with equal ease and efficiency, three, thirty or three hundred letters.

Vertex
VERTICAL-EXPANDING
FILE POCKETS

have index tabs that are plainly visible under the most crowded conditions. This makes filing and finding easy, saves time and money and prevents lost or misfiled papers.

Made of "Paperoid," a red rope stock, they will outlast twenty ordinary flat manila folders. Vertex File Pockets can be used in any vertical filing system.

**Send the coupon below and receive a sample VERTEX Pocket for trial in your own files.**

**ALVAH BUSHNELL CO., Dept. C**
*Durable Filing Containers*
**933 Filbert St., Philadelphia, Pa.**

CUT HERE

Please send for examination and trial a free sample of BUSHNELL'S "VERTEX" Paperoid File Pocket, as described in February BURROUGHS CLEARING HOUSE.

Name of Firm _____

Address _____

Name of Person Inquiring _____

Letter size or Legal size desired? _____

If special size is required, send sample of sheet to be filed, and give width and height of drawer

**To Alvah Bushnell Co., Dept. C.**
**933 Filbert Street Philadelphia, Pa.**

(Continued from page 32)

other hand, was taken prisoner and soon implicated a number of others who have since been sent to prison or acquitted.

It is a little difficult to see how the banks in these cases might have avoided the trouble, how they could have guarded against such a scheme. That old and reliable clients should ask for loans was certainly nothing to stir suspicion.

A recent case in Albany and New York City sets forth another phase of the problem. One of the national banks in the New York state capital had taken from a client $25,000 in bonds, which had simply been left for safekeeping while, if I recall correctly, the customer went abroad. Some time later the owner of the bonds returned and asked for them. Lo and behold! $20,000 worth were gone.

Neither the bank nor the customer had any record of the numbers of the bonds but the owner knew from which broker he had purchased them and this man supplied the numbers. There was one government bond of $10,000 denomination and there were ten Liberties of $1,000 each. A detective for the National Surety Company, which had insured the bank, sent the numbers to the treasury in Washington, asking that a lookout be kept for the bonds or the interest coupons. It was not long before word came that a coupon of the $10,000 bond had been sent in by a broker in the Wall Street district. The detective went thither and a young woman at one of the wickets readily recalled receiving and cashing the coupon. She said she remembered the man who had brought it in and would be able to recognize him.

EVERY officer and employee of the bank submitted to the girl's scrutiny but she said positively that the man wanted was not among them. Still, those bonds had gone out of that bank vault without any burglary or holdup having been committed. Who else had had access to them? Finally it was remembered that the bank had gone through an audit about a week before the absence of the bonds was discovered. A consultation of the records showed that the auditors had checked the bonds as being present.

Within a few days the detective brought the four men who had made the audit to the presence of the girl clerk in the Wall Street brokerage office and she unhesitatingly picked out the guilty man, who confessed. The point of immediate interest to bankers follows.

This auditor, being pressed for the recovery of the stolen bonds, confessed that he had hypothecated them with an uptown branch of one of the New York banks that does a large neighborhood business by means of these branch houses. He had managed it without the least trouble. First he had gone to the bank with a few hundred dollars and asked to open an account, giving an entirely fictitious account of himself. He was accepted and began doing business, checking out and putting in small sums of money over a period of only a few weeks.

Then, one bright morning, he appeared with his bonds and asked a loan. He told some story of a real estate deal to explain his need of so considerable a sum and the bank promptly accommodated him.

THERE is no need of multiplying instances. It must be apparent that one of the favorite ways of disposing of stolen securities is by offering them to unsuspecting banks as collateral. From this attack no bank anywhere is safe, for, though most stolen bonds find their way into the New York thieves' bourse, they are by no means all marketed or "put down" in the metropolis. The fences take them in person or send them through emissaries to all parts of the country, to large cities and small, seeking for the safest places in which to offer them.

But, we may ask, what is the danger to the bank? Wherein does its peril lie or in what sense is the bank menaced if it is not responsible for securities bought or lent on in good faith?

The answer is not far to seek. The nearly thirty millions in securities which have been taken in this country have come from three main sources: first, the brokers through the absconding messengers; next, the government, through the bandits against the mails; lastly, the bankers, through all manner of thieves and defaulters. Five years ago the brokers were the chief losers; three years ago the government; today the banks. We all understand, of course, that these losses are practically covered by insurance, but the banks must pay the premiums, and the premiums rise and fall according to the prevalence of crimes.

Here the danger becomes clear. The theft of securities has continued at the rate of about $5,000,000 a year because there has been a continual easy market for them. If there were no such market, or if the market were limited, the stealing of bonds and stocks would cease or decline. Ergo, there is just one broadly effective way to discourage stealing of securities and that is to abolish the market for them inasfar as that is possible.

E. A. St. John, president of the National Surety Company, the chief insurers against the bond thefts, stated the matter to me in this way:

"Bankers and investors everywhere must remember that whenever they buy a stolen bond or lend on any

(Continued on page 36)

# *ANNOUNCING* the appointment of MR. A. N. CLARK [*Late Supervisor of School Banks in City of New York*] as Director of our New Department of School Savings



BANKERS familiar with the development of School Savings in the last decade will be interested to learn of the appointment of Mr. A. N. CLARK, formerly Supervisor of School Banks for the City of New York, as Director of our new Department of School Savings . . . Mr. Clark's experience in the field of School Savings is wide and thorough. As Supervisor of School Savings for 15 years in the City of New York, he developed the largest school savings unit in the world, a system operating in 400 schools and serving over a quarter of a million children, all co-operating with him upon a purely voluntary basis. . . . His decision to head our new Department of School Savings is indicative of the growing conviction among leading authorities that the future development of both school and industrial savings will proceed in the direction of Automatic Banking . . . Mr. Clark's services are available without charge or obligation for consultation with bank and school authorities interested in beginning, or extending economically, their work in the school savings field.

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(Continued from page 34)

stolen securities, no matter how innocently and unsuspectingly, they are nevertheless helping to perpetuate a criminal situation that is always likely to react on them in the theft of securities belonging to themselves."

In other words, every time you or I (or the other fellow) buy or lend money on stolen securities, we continue the market for such goods and we thereby encourage the theft of the same. It makes no difference that we "didn't know the thing was loaded." As long as we carelessly buy or lend on stolen stuff we hold out the helping hand to the crook and until we devise some method of preventing the sale or hypothecation of such securities we cannot hope to discourage the bandit, the bank burglar, the sneak thief, the errant messenger boy and those who corrupt him, the package snatcher, the corrupted auditor, the tempted employee and the others.

It may be pointed out that before the war very few bonds were stolen, even bank burglars often refusing to touch them. There was only one reason for this, namely that they were hard and dangerous to dispose of. Some steps must be taken to get back to that happy state of affairs.

A leading student of the problem has given me these suggestions, which he says must be supplemented by every banker according to his own local knowledge and conditions:

1. While there is at present no complete list of stolen bonds, still there are nearly complete lists available and bankers should defer the making of loans until these lists can be consulted. This should, at least, be done in all cases where the borrower is not absolutely above question. Such a precaution will not only help to discourage thieving but may aid in catching the thieves.

2. Do not lend to strangers, even on the best security.

3. Be suspicious of men with new accounts, who ask for loans on securities when you don't know their origin.

4. Many putters down of stolen securities use the trick of offering high security for moderate loans, a bait that is often snapped up. It ought to be remembered that anything of this kind is suspicious on its face.

5. In all cases where the banker is not absolutely sure of the borrower, it ought not to be considered out of the way, to make inquiry as to the origin of the offered collateral. The man who has come by his securities honestly will not find it difficult to show where he got them. The thief and the fence will be frightened away.

Such precautions as these will serve to reduce the total of stolen securities until such time as still more effective measures can be provided.

## Insolvencies on the Stock Exchange

(Continued from page 26)

will not provide more margin, a proportional impairment of the broker's capital may thus occur. These and other such possibilities of impairing the capital of stockbrokerage houses have more or less complete counterparts in practically all other lines of business. Nor is there any simple panacea for their future elimination. The New York Stock Exchange has long endeavored in many different ways to diminish these factors which make for the impairment of its members' capital, and the consequent danger of insolvency, yet it clearly recognizes that the casual factors here are, to a large extent, risks unavoidably involved by doing business at all.

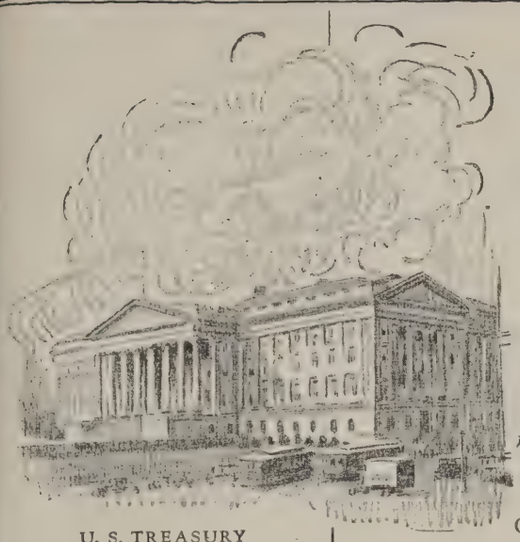
*Procedure in Insolvencies.*

When a member-firm of the New York Stock Exchange finds itself unable to meet its contracts, its suspension is officially announced from the rostrum in the board room, by the president of the Exchange. As a rule, the firm's affairs are placed at once in the hands of a receiver, for the protection of the creditors.

The Exchange has the power, by the terms of its constitution, to examine the books and affairs of its members at will and in detail. But, as soon as a firm is placed in a receivership, this power naturally vanishes. Receivers must, of course, consider the interests of creditors as paramount, and as a rule are just as unwilling to give to Stock Exchange authorities exact information concerning a member-firm whose affairs have been placed under their supervision, as they are to give it to anyone else.

There is an unfortunate side to the way in which the news concerning failures of Stock Exchange members is sometimes published. Frequently a fairly accurate estimate of an insolvent firm's liabilities can be obtained more quickly and readily than a similar estimate of its assets. In consequence a firm with, say, $5,000,000 liabilities and $4,500,000 assets may be described in the headlines as a "$5,000,000 failure on the Stock Exchange." This has occurred even in cases where the assets were actually greater than the liabilities, and where the insolvent firm speedily paid off every creditor in full. Sometimes, what purported to be statistical tables of Stock Exchange failures have been compiled by adding up total liabilities and utterly disregarding assets; the resulting total, it has been blandly stated, represented the losses of the public through failures of Stock Exchange members! If the Stock Exchange itself could readily obtain the

(Continued on page 38)



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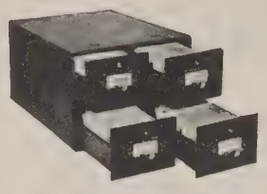
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(Continued from page 36)

figures as to assets, it would of course be easy to refute such harmful and fallacious statements. Unfortunately, such information usually cannot be obtained at once from receivers, and thus a tendency is created in the public mind to associate the Stock Exchange with vast financial losses which have no basis in fact.

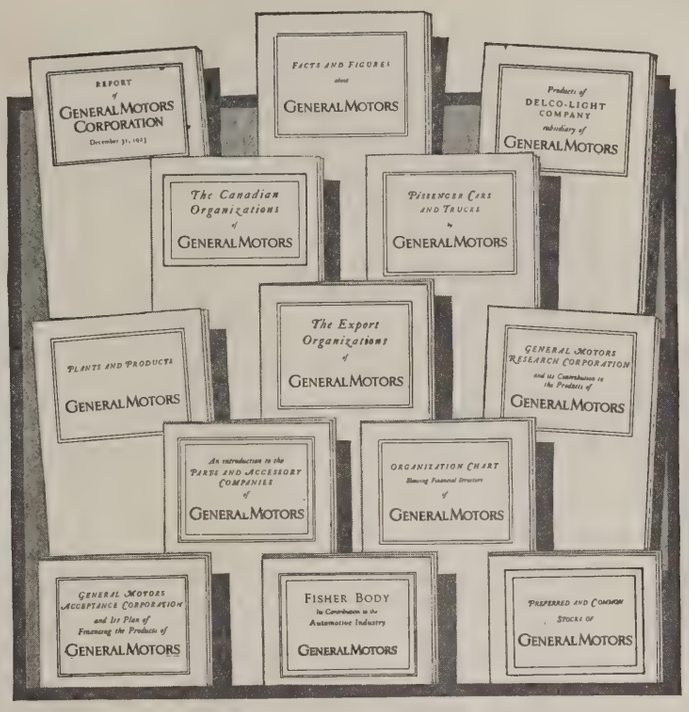
In recent years there has been much criticism of the legal procedure relating to brokerage receiverships. While improvement can perhaps be effected in this regard, and if possible certainly should be effected, nevertheless there are substantial economic and practical, as well as merely legal reasons for the secrecy and the slowness with which many receivers of brokerage firms work. From an accounting standpoint it is by no means simple to determine the exact financial standing of a brokerage firm with various commitments in various financial and commodity markets. It may be that subsequent legislation can speed up the termination of such receiverships without hardship to the creditors. Yet it is safe to predict that as long as the business of its firms remains as complex as it often is at present, the work of liquidating the affairs of such houses will always take considerable time if it is conscientiously performed.

*The Questionnaire.*

While the record of Stock Exchange member insolvencies during the critical post-war period has by no means been one to be deplored, at the same time it revealed weaknesses in the existing system whose future avoidance was plainly desirable. Accordingly, on April 26, 1922, the Exchange undertook steps designed to prevent the avoidable insolvencies of its member firms, by requiring frequent and systematic examinations of its members' affairs, somewhat after the fashion of bank examinations.

Under the new plan, all Exchange firms carrying margin accounts for customers were required to submit on call, and not less than twice each year, answers to a questionnaire form dealing with their financial condition. These answers, when submitted, are carefully examined by expert accountants in the employ of the Exchange, under the supervision of its Committee on Business Conduct.

The questionnaire form was very carefully prepared by the authorities of the Exchange. The questions which it contains call for exact information upon vital items of the member-firms' business. When filled out it consequently gives the Exchange authorities an accurate indication as to the financial stability of the given firm's stockbrokerage business. In cases where a weak condition is revealed,




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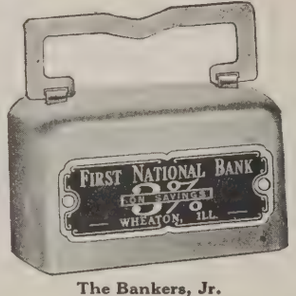
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the Exchange can insist either upon arrangements to strengthen adequately the firm's position, or else upon immediate assignment. In either case, the firm's customers benefit materially, in the first instance through the avoidance of possible insolvency, and in the second through the prevention of further losses entailed by the firm's continuing in a weak condition in a vain hope of subsequent improvement.

When the questionnaire system was first put into operation, considerable apprehension was felt by some concerning its probable immediate consequences. Just what weaknesses would be exposed by the new system no one could surely say. To only a very minor extent were these gloomy forebodings realized in fact. In a few cases, Exchange firms were discovered to be incurably insolvent on paper, and the discovery led to their official declaration of insolvency at once. In other rather more numerous cases, dangerous tendencies were brought to light and quickly corrected by the firms themselves. But with the rank and file of Exchange houses, the questionnaire's revelations were gratifying indeed. All in all, the effect of the new system was to create an increased sense of stability and confidence among Stock Exchange members, based, not upon blind trust, but upon the knowledge that an impartial, searching and frequent examination of their affairs was now being made.

Since the first adoption of the system on the New York Stock Exchange in the spring of 1922 thirteen of its member firms have been forced to suspend. Of these suspensions, seven occurred during 1922, and represent cases where the questionnaire had exposed a loss of capital which had been largely caused during previous years. In 1923 there were four suspensions on the Exchange for insolvency; the first two largely resulted from operations during the pre-questionnaire period; the third was a small firm with no public customers, where consequently no public losses whatsoever were occasioned; and in the fourth case, the "failure" was technical only, for in a short while the firm was able to pay 100 cents on the dollar and resume business. Thus far in 1924 only two insolvencies have occurred. It is thus apparent that after the initial period of "house-cleaning" was past, the result of the system has been to reduce Exchange insolvencies practically to a minimum basis.

It is, of course, still too early to hail the questionnaire system as perfect or complete. The probability is, in fact, that a considerable practical evolution still lies ahead of it, whose course will depend upon the opportunities for improving it which only experience can demonstrate. In this respect, the system resembles bank examinations, which have become efficient only after temporarily discouraging tests.

*Auditing of Accounts.*

One weakness in the questionnaire system thus far revealed is the possibility of omissions or inaccuracies in returns made to the Exchange. The last Exchange insolvency was caused by the irregular conduct and bookkeeping of one of its partners. The case indicated the desirability of a closer examination of member-firms' affairs than the filling out of the questionnaire form could always afford. To this end, on October 22 last, two resolutions were passed by the governing committee. One of these compels Exchange members or firms not carrying margin accounts for customers to report to the Exchange upon call regarding such securities as are held for safe-keeping; at least once a year there must be filed a statement that all such securities have been checked and found to be intact. The other resolution compels Exchange members or firms who carry margin accounts for customers to have a complete audit made of their affairs, made on the date of their answer to the questionnaire; a statement to the effect that such an audit has been made, and whether it is in accord with the answers to the questionnaire, must then be filed with the Exchange. signed by Exchange members and their partners, as well as attested by the auditors.

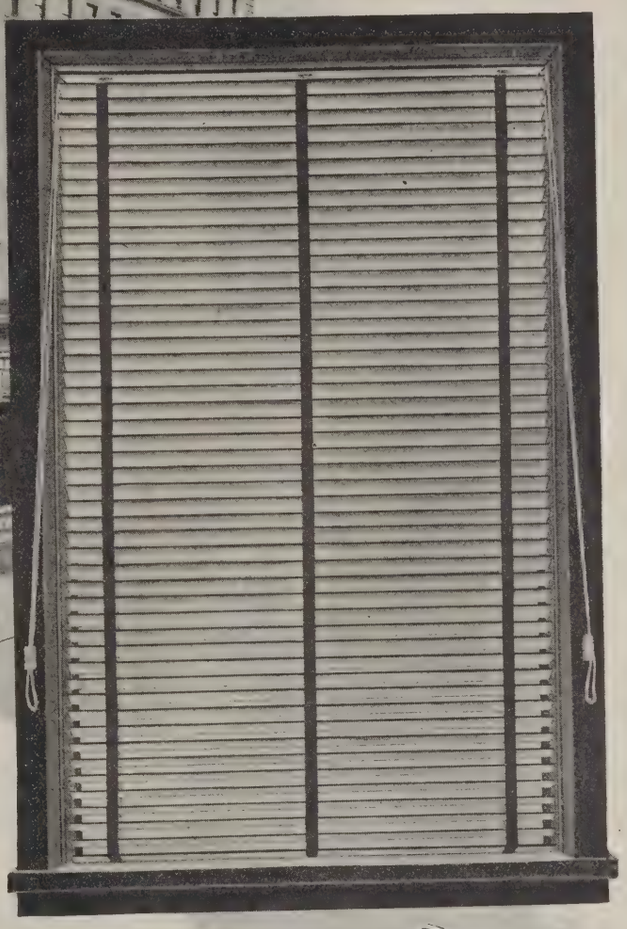
It is expected that this new requirement of audited accounts in connection with the questionnaire, will prove a further step toward the elimination of avoidable insolvencies on the Exchange, and consequently a considerable strengthening of the existing system. It is as yet too early to determine just how this new auditing feature will work out in practice. It at least indicates that the Exchange authorities are willing to go to all feasible lengths to obviate preventable insolvencies of its members, and to protect the public against resulting losses.

In conclusion, emphasis should be laid upon the fact that insolvencies of New York Stock Exchange members, always relatively infrequent, are today under vastly more effective control than ever before. The system of supervision and examination now established among Exchange houses is, moreover, capable of a continuing development which, as time goes on, will yield an even greater assurance to public purchasing and selling of securities. Yet the absolute prevention of failures of Exchange members, or of any other class of business firms for that matter, seems a goal unattainable without changing human nature, removing perennial and inherent economic risk, and in point of fact gravely endangering the permanent interests of the investing public.



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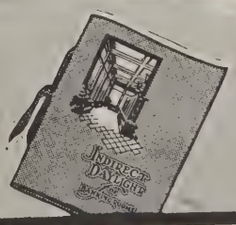
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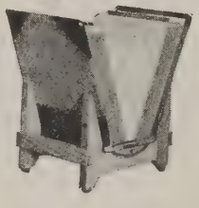
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## Phantom Gold

(Continued from page 20)

The village matron wheezed heavily as she lowered her ponderous weight one heavy step at a time down the wooden flight of stairs to the bank cellar.

"Here we are," said John, snapping on the light beside the cellar vault. "And here is the box," he added as he fingered a tag on a black tin box which looked like an overgrown cake box resting just within the vault door.

John untied the cord which encircled the box and swung open the lid. The box was filled with small packages of silver service wrapped in tissue paper. But on top of them was a strange thing. It was a long yellow envelope such as the bank had used at a time when the old commercial balanced pass book system was giving way, or rather, developing into the present monthly statement system. The type of envelope which rested on top of those packages of silver was ruled for the entry of deposits. Within the envelope were paid checks. Along the top of the envelope was written the name, "Herbert Fiddock," and at its bottom were three entries; a balance brought down, a deduction of paid checks, and in the space for the new balance was the word . . . . "None."

HIS eyes staring, John stifled a gasp of astonishment. Then as though out of a dream he heard someone speaking.

"Now just let me git a look at them packages," came the voice of the matron peering over John's shoulder. "Like enough they're all marked. Maria was always perticular with her property."

When John rose he had the yellow envelope with him. In the short search for the fruit knives, he slid the old buff-colored vouchers from the envelope. John closed his eyes and tried to think. How did that old envelope of Herb Fiddock's get into Maria Sherwood's chest of silver? Inside of John something was welling upward until he felt sailing on air. A frenzy to get the evidence to Director Clutchbill seized him. He looked at his watch. It lacked five minutes to three. Already Herb Fiddock's lawyers might be hammering his staunch old friend, Director Clutchbill.

"Here they are!" squealed the plump matron, suddenly holding up a package.

John slid the yellow envelope into his breast pocket. "All right," he smiled. "Watch me put the cord around the box—there . . . now we'll get up where the air is better."

The moment Maria Sherwood's female envoy had left with the silver fruit knives John was instantly at his desk. He snatched up the telephone,

then slowly put it down. He did not dare call up the courthouse thirty miles away where in fancy he could see old Director Clutchbill sweating blood to get justice and save the $2,800 for the bank. Someone would be sure to get word to the Fiddock lawyers, and John knew they wouldn't stop at murder to get a decision before any new and surprising evidence could be put in. John passed a hand over his eyes and sat motionless for a second. The evidence would actually have to be there to count. He must take it.

Jumping to his feet he went into the main office. He tried to quiet his voice as he spoke to Willie Dexter, the teller.

"I'm leaving you to settle the cash and close up, Willie. I've got to go out and I won't be back this afternoon."

John started for his car by a back street where he could run without attracting too much attention.

It was now a bit after 3 o'clock. The case was to be called at 2. It would be 4 o'clock before John could possibly reach the courthouse. And since a court of equity, so called, had given a decision in favor of the Fiddock lawyers, it was common talk that a jury at county court would uphold it. Perhaps they were doing it now. John ran to his little garage and threw open the door. He snatched up two pails and started for his boarding house for hot water. Once back he dumped it into the car's radiator, spilling part of it. He wiggled into an ulster. After a deadly minute he had the cold engine sputtering and coughing.

JOHN'S low-hung roadster sent a protesting cloud of black-grey smoke out of its six cylinders as it roared backward out on the street. It snorted at John's three careless shifts as it lunged ahead in three jumps.

A half hour later down the river road little jets of steam began pulsing from under the radiator cap. John turned a sharp corner for the last fifteen miles. The speedometer arrow leaned back and forth between 40 and 50. A heavy plume of steam bent backward from the radiator cap when the first outlying houses of the county seat slipped one by one behind him.

Suddenly the ancient white courthouse of the county frowned down on him from a rise of land in the center of Spraxton village. It had the cold look of a building without a conscience. About it were parked motor cars; black buzzards of the lawyers who had come to feed on the occupants of smaller cars nearby—now all empty.

John shot his car to the nearest available place near the courthouse. In an instant he was running for the



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door. In a second more he was through the corridor. Those who turned to look saw a pale face with quick, searching eyes as he entered the court room.

Far down an aisle at the far end of the large room lifted the bastion of the witness stand. Director Clutchbill was standing within its balustrade. The melee of physical and mental battle flushed his face. He had been in the act of opening his mouth for a statement when his eye alighted on John. For a second it was so still John could hear his hair grow. The lawyer in front of Mr. Clutchbill turned and hunted with his little, scowling eyes for the disturbance. From the opposite side of the room John could see the court sergeant-at-arms making for him. There was no time for parliamentary delay.

IT MAY have been the warlike expression on John's face that held back any who should have restrained his advance. Anyhow, he got within reaching distance of Director Clutchbill in the witness stand. He shoved into Mr. Clutchbill's hand the yellow statement envelope showing the closing of the Herbert Fiddock account.

"It was in Maria Sherwood's box of silver in the vault—the widow Wheeler opened the box on written order this afternoon . . . . don't know how it got there—it's the paid vouchers on the old Fiddock account."

"I know how it got there!" Director Clutchbill reached a trembling hand for the envelope and when his fingers found it they froze on it in a death grip.

Director Clutchbill hitched around to the front of the witness stand. He looked down on a certain bunch that had drawn together—Herb Fiddock, his backer, the low-springing Mr. Stitt, and their lawyer. From this intellectual group Mr. Clutchbill let his gaze maneuver back of him to the three judges sitting with heads cocked at different angles.

"Personal admirers," purred Mr. Clutchbill in a cutting voice, "you are lookin' at the original cat with the nine lives. I hold in my hand some little objects of yellow paper and India ink discovered this afternoon in a chest in the Ferndale National Bank. They are the vouchers which closed the $2,800 account of our noble co-worker, Brother Fiddock. All who wish to see the souvenirs can do so by steppin' forward with their hands clasped behind them. It's gettin' a little dark in here, and I come from a village where some of the citizens have an astonishin' Yankee tenderness toward any property that ain't guarded." Mr. Clutchbill suddenly looked at Herb Fiddock.

An hour later after the case had

been dismissed, and the $2,800 had been saved for the bank, John and Director Clutchbill were journeying home together in John's mud-spattered car which was now trundling along contentedly as the first snow flakes of the season slanted crazily through the two yellow beams of the car's lights.

"Son," said Director Clutchbill to John, "don't worry none about liftin' those old paid checks of Fiddock's out'n Maria Sherwood's silver chest. Herb Fiddock put 'em there himself. You know he's had hopes of interesting Maria in an offer of marriage. He sort of runs errands for her, and I remember he brought that chest of silver over to our cellar vault for Maria when she went to the city. And it's my notion he slipped those old checks into the chest knowin' they'd be well hid, and later he expected to show them to Maria and tell how smart he was to hook $2,800 off us with the evidence right in our vault. But, son, he certainly didn't figure on Maria ever sending for them fruit knives."

## Yankee Finance on the Seven Seas

(Continued from page 23)

and export trade of that particular port—silk, rubber, jute, cotton goods, tea, tin, etc. The New York office also passes on lines of credit for customers of the branches.

The New York executive officers of the bank are kept informed also as to the quotations for various American commodities in which the branches may be interested, for the benefit of their clients or because they have loans against such products at the different ports of the world. These international branch banks do a local banking business in the ports where they are located, also, the same as the native banks. The one in Barcelona, Spain, for instance, ranks third in the Barcelona clearing house. While I was interviewing the officers of the bank in New York a credit for $600,000 was received from that one to finance a shipment of cotton from Dixie to the Iberian Peninsula.

Purchasing bills abroad authorized by American bank credits is one of the important functions of the International Banking Corporation. Frequently credit advices are cabled or mailed out direct to foreign ports, for negotiation at the bank's branches, but officials at New York say that mistakes are so frequently made in the preparation thereof that they much prefer to get these up themselves. Too often such credit instruments, when prepared by bankers not familiar with foreign trade banking practices, contain too many stipulations for negotiation. In other words, part of the buyer and seller's contract is sometimes inserted in the conditions of payment, which complicates the purely banking end of the transaction. One of these in point, cabled out to the bank's Hankow branch, read as follows:

> "The — — Bank of — — will honor drafts at 90 days sight covering shipment of 1,000 barrels of Hankow wood-oil, documents to include ocean-bill-of-lading and insurance certificates showing shipment in month of June, goods to be 1924 manufacture, barrels new, weight landed U. S. port—."

Besides all this, sundry other conditions impossible of fulfillment had been written into the document evidently copied from the local importer's contract.

Obviously, bills drawn against such a credit could not be negotiated, for the bank abroad is not in a position to check up on all of the conditions above named. It is the banker's business to scrutinize the shipping documents only, to see that they conform to the specifications of the credit instrument, such as bills-of-lading properly signed, showing shipment within the lifetime of the credit, insurance coverage, or other necessary documents, but the negotiating bank is not able to verify the quality of the goods or undertake other responsibilities outside of its role as a buyer of bills, covered by specified shipping documents, provided for in the letter of credit.

In addition to the International Banking Corporation's contact with banks all over the United States in the matter of foreign letters of credit, in collecting export drafts for inland banks, and in numerous other matters, such as providing credit information on foreign firms, it is constantly quoting rates on Chinese dollars which it sells for the benfit of Chinese who live here—in all parts of the country—and send money back to the Celestial Republic. These transfers, International Bank officers tell me, aggregate millions annually, made out of laundries and chop suey establishments all over the land.

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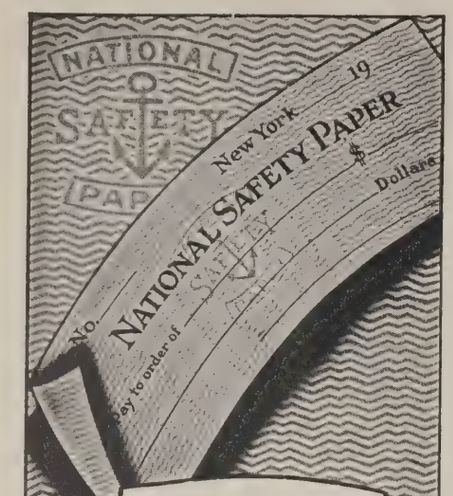
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## The Certificate of Deposit Controls

(Continued from page 25)

register, and although it is an elephant to tackle, you can see that only one person can work on it at a time. If I don't 'strike' when I finish listing, of course I'll be more than glad to have some help; but of course, if it is necessary to check back the list, that means work for tomorrow evening. As for tonight—well, I guess I'm in for it."

The substance of the conversation between the two tellers is not unusual amidst the routine of many banks, whose growth and gradual expansion has forced them to discard some of the "old harness," and seek new methods to replace the old and increasingly inadequate means of handling their routine work, or performing bank chores.

One of the important chores to be performed, is that of balancing the certificate of deposit register. With the growth of the bank, comes the ever-increasing volume of certificates issued, and outstanding; and the work of balancing the "C/Ds," grows more and more burdensome, if handled through one register and one control.

### *Plan of Splitting Control*

Naturally the first thought is to break up the task of proving, by handling it in smaller units. This was accomplished at the First National Bank, Madison, Wisconsin, with little effort and little confusion.

No proving or balancing was necessary, after we formed four new controls. Four new registers were purchased, each about one-half the size of the old register. These new registers were designated, on their covers and in large type, as "A," "B," "C," and "D," respectively.

Next, we lettered, alternately, each (100) block of our remaining stock of blank certificates, opposite the number, as "A," "B," "C," and "D," respectively, with small lettering hand stamp. For example—

| | |
|---|---|
| First Block | No. 171101—A to No. 171200—A |
| Second Block | No. 171201—B to No. 171300—B |
| Third Block | No. 171301—C to No. 171400—C |
| Fourth Block | No. 171401—D to No. 171500—D |
| Fifth Block | No. 171501—A to No. 171600—A |

No more certificates are now entered in the "old register," but our certificates teller issues from an "A" block of certificates and records them in the "A" register; when the "A" block is exhausted, he issues from a block of "B" certificates, using the "B" register, etc., until "A," "B," "C," and "D" certificates have been used, when the operation is repeated, using "A" certificates again with "A" register, etc.

The numerical succession of the certificates remains the same as heretofore, but the distribution is made throughout the four registers, instead of one, by means of the lettered certificates. Four new controls are carried in the general ledger, i. e., "A," "B," "C," and "D," in addition to what we term the "Old Control." The "Old Control" will, of course, in time become obsolete, as no new certificates are issued for it, while the old certificates are gradually coming in and being paid against it.

In the interim, however, four new controls are being built up. By the alternating distribution of certificates issued, the four controls remain in approximate equality as to number of entries for certificates issued in each. It is also reasonable to assume that the influx of certificates being paid against each control will be in proportion to their issuance in each of the new registers. Paid certificates are sorted according to their letter designation, and each control charged daily with its proper total.

The plan, which goes into operation automatically and which constantly tends to equalize the four units of control, has several real advantages which save time and afford convenience in balancing the certificate of deposit controls.

First, since the certificates teller needs in his cage only the register from which he is issuing certificates, three of the four registers are available for proving at all times, and this work need not wait until the window is closed before access can be had to the only certificate register, as heretofore.

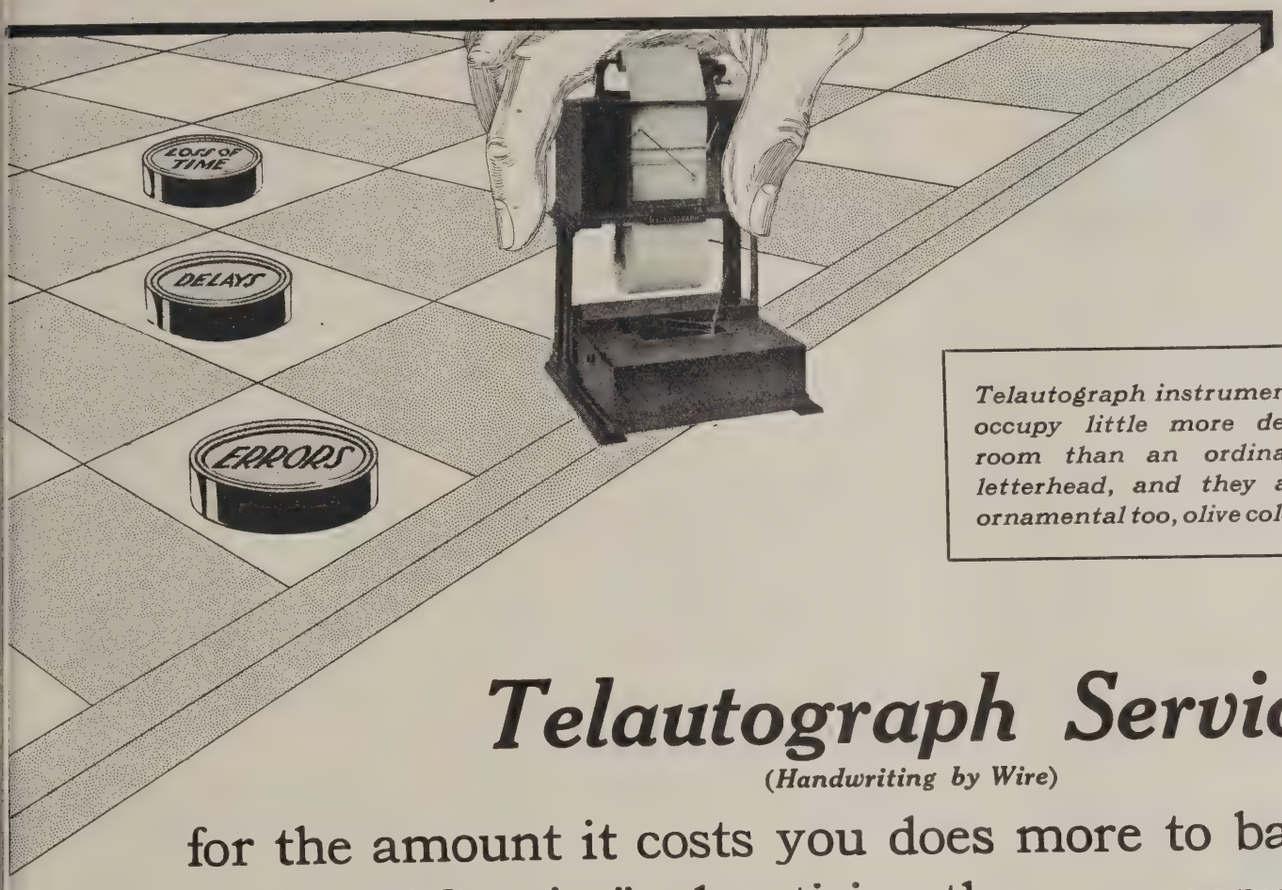
Aside from permitting the work to be done during banking hours, this system allows three persons to take hold the proving task, and balance the registers the same day, or one or more units can be balanced each day.

If a list must be checked back, it means that one needs to check over only one-fourth of the listing to locate the error, whereas, heretofore, it has often been necessary to check over the entire listing.

At this bank a (100) block of certificates lasts at least two days, which means that three of the four registers are available two days, two of them for four days, or one for about a week.

All that is necessary to institute the plan is to purchase four small registers (or as many registers as controls to be formed), and letter the present stock of certificates to designate the control to be handled through.

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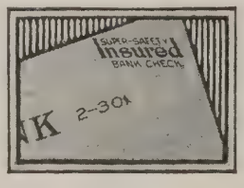
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# Sight Draft With B/L Attached

*By* ARTHUR F. McCARTY

L C & R, of the state of Minnesota, were shippers of potatoes, and one Marshall, of the state of West Virginia, was a dealer in the same commodity. Marshall ordered a carload of spuds of the Minnesota firm, which was duly shipped from Waupaca, Wisconsin, to Cairo, West Virginia, consigned to the shippers' order with instructions to notify Marshall upon their arrival. The shippers took the customary bill of lading from the railroad company, and three days after the potatoes started on their way, drew a sight draft on Marshall for the sum of $856.64, the price of the car of potatoes, attached the bill of lading to the draft and sold the draft and B/L to a bank in Waupaca, Wisconsin, and received the money. The Wisconsin bank then sent the draft and B/L to a bank in Harrisville, W. Va., for collection, up to which point in the transaction there is nothing out of the ordinary or outside of the common experiences of bankers and present-day shippers of food commodities.

But when the potatoes reached Cairo, Marshall telephoned to the Harrisville bank which held the draft and bill of lading that the railroad company would not permit him to inspect the potatoes without exhibiting the bill of lading, and that he, Marshall, was remitting $856.64 to take up the draft and B/L for the sole purpose of procuring inspection of the potatoes before accepting them. The draft and B/L were sent to him by the bank, and a few days later, Marshall returned the draft to the Harrisville (collecting) bank, saying that his inspection of the goods showed them to be inferior and that he was rejecting the shipment; that he could not return the bill of lading, because the agent of the railroad company refused to give it back; and he asked the bank to return him the $856.64.

BUT the Harrisville bank, after making the one mistake of delivering the draft and bill of lading conditionally, did not make another; it refused to return the money to Marshall, and when the Wisconsin bank became anxious a couple of weeks later and wired about a remittance on its collection, the Harrisville bank made a full statement by mail of the foregoing facts, and added that it was holding the funds pending a full determination of the rights of the several parties. That meant a lawsuit, of course, and the case has just recently been decided in the Supreme Court of West Virginia, and is entitled Old National Bank vs. Peoples Bank, 108 S. E. 716, the first named being the Waupaca, Wisconsin, bank, and the other that located in Harrisville, West Virginia.

At the outset of the decision the court makes clear that it is well established that where a consignor of goods discounts a sight draft and assigns a bill of lading attached thereto, the holder of the papers acquires a special property in the goods and is entitled to have them held by the carrier until he surrenders the bill of lading; that a bill of lading is a muniment of title to the goods, similar in effect to a deed to land, and a collecting agency, appointed by the holder of the draft and B/L, surrenders them at his peril if he lets them go for anything other than unconditional payment. That gave the Wisconsin bank the right of control over the potatoes, and made the Harrisville, West Virginia, bank liable for all the consequences of its wrongful act, reaffirming the general rule that a collecting bank must follow instructions exactly or be liable for the results of any deviation therefrom.

OF COURSE, the railroad agent did not have the right to require the bill of lading before allowing inspection, but he took the right, arbitrarily, and refused to return it to Marshall, who, in turn, could not return it to the Harrisville bank. That bank, therefore, had the draft and the money, but no bill of lading and no potatoes. As to the matter of inspection, said the court, it might be proper for the agent to require instructions from the bank holding the collection, so as to know that Marshall was authorized to inspect, and proper for the bank to give such instructions, since Marshall had the unquestioned right to inspect the goods before receiving them, but that if Marshall paid the draft to get an inspection, whether same was by wrongful requirement by the railroad company or what not, he must then look to the seller of the goods for his remedy on the ground of defects.

The Wisconsin bank was held not to be under any obligation to Marshall to see that the shipper's contract was performed, and, incidentally, the court also relieved the Harrisville bank of some of its fears, going outside the points at issue in so doing, in this language:

"It is quite true, as before stated, that Marshall was entitled to inspect the goods before receiving them. This is a right, however, that he was not required to exercise. He could pay

the draft, and take up the bill of lading if he desired, and rely upon the seller's warranty to protect him. This right of inspection he must exercise seasonably. He could not pay off the draft and deliver the bill of lading to the carrier, and then demand his money back upon finding that the goods did not meet his requirements."

The court then decided that the money being held by the defendant bank belonged to the Wisconsin bank, and that the amount constituted the full liability of the Harrisville bank. The remaining point in this case is curiosity provoking: Nowhere in the trial in the lower court or in the decision of the higher court does it appear what became of the carload of potatoes!

NO OTHER case has been found presenting the question of a conditional delivery of a draft and bill of lading to the drawee, to enable him to inspect the goods, but in Second Nat. Bank v. Bank of Alma, 99 Ark. 386, the shipment was of a machine and the draft was for a sum representing the rental of the machine for a given period. The draft and bill of lading were delivered to the party to enable him to test the machine, and after procuring it from the carrier, upon delivery of the bill of lading, he kept the machine and did not pay the draft. The collecting bank was held liable as for conversion of the property.

Another recent case concerning the delivery of sight drafts with bills of lading attached, while affirming the rule that a collecting bank which disobeys instructions and delivers papers without getting the money is liable for all the consequences, is concerned, chiefly, with the method of arriving at the amount of damages, called by law writers, "The measure of damages."

This case is from Kansas, and is also over potatoes shipped by a Minnesota firm. There were three carloads with a separate draft and bill of lading for each, and the papers were forwarded by a Minneapolis bank to a Kansas bank near the point of destination with the usual instructions to present the drafts and deliver them with attached bills of lading upon payment.

THIS case, entitled Northwestern Nat' Bank v. Peoples State Bank, 109 Kansas 506, 200 Pac. 278, had but the one thing to decide, that is, the amount of recovery, for the facts were admitted, and were that the Kansas bank's cashier detached the bills of lading from the drafts and delivered the former to the drawee of the latter, a man named Cameron. Cameron obtained possession of the three cars of potatoes, after which he complained of their quality and began negotiations with the shippers for a reduction in price. These negotiations resulted in a reduction by the shipper from the contract price of $814.41, after which the forwarding bank sued the collecting bank for that sum.

The plaintiff contended that it was the owner of the drafts and having turned them over to the defendant for collection, and the latter having failed to follow instructions, the plaintiff was entitled to recover the difference between the face of the drafts and the sum finally paid. The defendant contended that the plaintiff was but a forwarding agent of the shipper, that a settlement having been reached between the shipper and the drawee of the drafts, the suit was in effect one between the shipper himself and the collecting bank, and the shipper having


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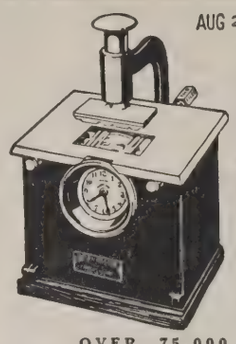
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THE SUCCESSFUL SAVER, a monthly house organ individualized to your bank, will accomplish all this and more. We can prove its effectiveness by facts taken from the experience of many banks.

*Every bank official responsible for new business should send the coupon below—today.*

**Bartlett Advertising Company**
230 E. Ohio St., Chicago

Send us complete information regarding THE SUCCESSFUL SAVER.

*Name of Bank*_____

*City and State*_____

*Name of Official*_____


received all the goods were worth, could not have been damaged.

There was no previous case in Kansas courts on the point. The defendant bank admitted the wrongful delivery of the bills of lading, therefore admitting its liability for whatever damages ensued. But are the damages to be computed according to the face of the paper, or according to actual damages suffered? The latter measure might be greater or less than the former in any given case. The Kansas court took what it deemed to be the weight of authority in other states, and held that the measure was the actual damages suffered and proved, in this case nothing, since the forwarding bank and the shipper were one and the same in legal effect, and had ratified the settlement, therefore admitting that the potatoes were worth $814.41 less than the contract price, and, having received all the goods were worth, no damage could be computed. The Kansas case is thoroughly annotated in 19 A. L. R. 555, and the compiling editor agrees with the view of the Kansas court that the weight of authority makes the measure of damages as above stated.

BOTH these cases point to clear conclusions. One is that a bank that takes a draft with bill of lading attached as a deposit and credit given, acquires a title in the goods and can insist upon the re-delivery thereof or payment therefor. But suppose the goods are inferior, as in both these cases, and the customer who deposited the drafts is not financially responsible; the bank has the right of course to charge back any deficiency resulting when the goods are sold for less than the face of the drafts, but the recovery from the customer may not be so easy under these circumstances.

This loss may occur even though the goods are not inferior, at least at the time of arrival at the destination. It is common knowledge that shipping with sight draft and B/L attached is the common mode today in fruits, vegetables and other perishable commodities, all subject to violent fluctuations in price and to rapid deterioration in cases of delayed unloading.

There is but one answer, and that is, where the shipping customer is not sound financially, handle his drafts and bills of lading as pure collections, to be credited to his account only when the proceeds have been received in cash. For the collecting bank, the suggestion is, if the bill of lading has been parted with through any trick, subterfuge or mistake, get busy seeing that the goods are protected or sold for their full worth, so as to minimize the damages the law will surely give to the forwarder for the deviation from his instructions.

## Costs—Starting From the Other End

(Continued from page 11)

deduct first all salaries, then all expenses which can be at once localized. The balance is general or overhead. The salaries are now carefully allotted to the departments by a study of the salary list, giving due consideration to all cases where employees divide their energies between departments. The totals are now added and proved with expense account total.

### *The Second Step*

We now close out, one by one, the accounts of departments that are subsidiary to the objectives outlined, charging them into the others. Details will vary in other banks, but here is how we do it:

Cashier and his assistants, representing costs of supervision, are spread over the departments on the basis of the percentages of salaries paid in the department. There are, however, two exceptions to this, one is the loan department which is not altogether under his jurisdiction, and the other is overhead, in which case we deduct president's salary before arriving at the percentage.

Supplies are distributed as far as possible on the amounts requisitioned from the supply room for the departments.

Coupons are charged partly to commercial, partly to country banks, and the balance to overhead.

Transit expense is charged to departments on the numbers of items handled for each department respectively.

Cash collections go to loans, expense collections to overhead, and audit to overhead.

At the end of these operations the columns are again totalled and balanced against the former figures.

### *The Third Step*

We now have our expenses largely segregated as desired, but there is too large a total in "Overhead." Obviously this contains some controllable expenditure and we make an estimate of the amount. We know that the salaries charged belong to overhead, but we still have some $6,000 in the account. We estimate that two-thirds of this is controllable and so proceed to charge off $4,000 to the surviving accounts in proportion to the already allotted expense. It is reasonable to suppose that a department which has been allotted say 25 per cent of the expense, may bear 25 per cent of this further distribution.

It is admitted that this last step is the weakest point of the plan owing to the fact that the proportions have to be estimated. However, it should be

borne in mind that this is less than one-sixth of the entire expense account, and so if it is agreed that there is a certain amount of controllable expense in the overhead total, the margin of possible error is not so great after all.

We thus get a final statement which shows us how much has been allotted under the various heads. The per-item cost may be arrived at with tolerable accuracy by dividing the totals of items handled into the costs of handling them. We have comparable figures for the various departments which can be used by the officers in judging their efficiency, and the entire process has not involved any expensive or clumsy systems of keeping track of endless small amounts of time and money.

## When West Goes East Into Chinatown

(Continued from page 13)

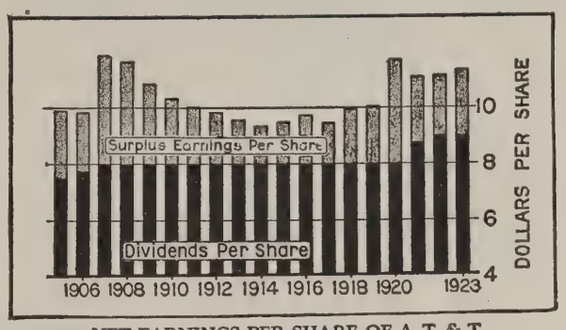
was talking with Mr. Sanders at his desk, which is between the tellers' windows and the street entrance, hardly a customer went by who didn't have a jovial greeting for him, and he seemed to know everyone by name.

The bank is likewise as progressive as the most progressive in the matter of advertising. Mr. Charles Gee, who might be called *liason* officer and head of the bank's new business department, acts as advertising manager, and the bank's window displays are his pet hobby. Pictures of Chinese actors and actresses from the two Chinatown theaters have been a feature of the displays in recent months. Since the "quieting down" of Chinatown which followed on the heels of prohibition, there has been a revival of interest in the native theater, and stars from the Chinese stage have been brought to America under bond, at salaries in some cases of $10,000 and $20,000 a year. But that is a different story. The point is, these photographs of the stars playing in the local theaters are good attention getters. And if it isn't pictures of actors and actresses it's pictures of some other sort. There's always something in the window that successfully attracts attention. You can't go by without seeing one or two orientals interestedly studying the bank's window display. Mixed in with the pictures are what, Mr. Gee assured me, are straight selling messages in Chinese symbols.

The bank uses small home savings banks, especially made up, with the trade-mark of the Oriental Branch of the French American Bank upon them. Yes, indeed, the bank has a trade-mark! These home savings banks are very popular with the women and children. The Chinese are firm

(Continued on page 56)


# An Uninterrupted Dividend Record




NET EARNINGS PER SHARE OF A. T. & T.
STOCK AVAILABLE FOR DIVIDENDS

FOR the past 42 years, the A. T. & T. Company and its predecessors have paid not less than $7.50 a share per year, which each year has been earned with a margin of safety.

A substantial surplus has thus been accumulated and kept in the business, increasing the equity of the individual stockholder while increasing the usefulness of the entire Bell System.

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It also accounts for the fact that today there are more than 343,000 stockholders.

*A. T. & T. Stock pays 9% dividends. It can be bought in the open market to yield about 7%. Write for pamphlet, "Some Financial Facts."*

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D.F. Houston, President
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The bank has a capacity for nickels, dimes, quarters and gold pieces. It is light, compact and durable. Your bank's name on the reverse side.

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CASH ITEM LETTER
THE OLD NATIONAL BANK
OF SPOKANE
Date 9/10/24
To The Federal Reserve Bank of San Francisco
SPOKANE BRANCH
The following items are enclosed for CREDIT:
Wire non-payment of items $500 or over, or those marked T. N. P.
Protest all items over $10.00 not bearing this stamp or similar stamp containing the transit number of items payable in endorser. DO NOT protest endorsements only.
N. P. 28-3
Items over $1000, protest in all cases.
ON
AMOUNT
10.08
10.95
7.00
100.00
2.00
1.50
200.00
1,438.57
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Burroughs
There's a Burroughs for every figure job in every business
Adding Machines
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# Burroughs

## Transit Machines Save 50 Per Cent for The Old National Bank of Spokane

The experience of The Old National Bank is typical of the thousands of banks using Burroughs Transit Machines. Regarding their present system, which has been in operation for more than five years, President W. D. Vincent writes:

> "In our transit department are three Burroughs Numerical Transit Machines and one Burroughs Moon-Hopkins Transit Machine. Our clerical help was reduced at least 50 per cent when we changed to these machines. This equipment has enabled us to handle a maximum day of 11,000 items."

Small banks, too, prefer the Burroughs Transit Machine because it can be adapted to many other kinds of work. Equipped with two sets of adding dials, it saves extra runs in the teller's cage, the mailing, proof, and collection departments, or on any work that requires accumulative totals.

Ask your Burroughs representative to demonstrate the speed, economy and flexibility of this remarkable machine. Or, if you prefer, mail the coupon.

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Burroughs offices are located in more than 200 cities in the United States and Canada, and in the principal cities of the world.

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Burroughs Adding Machine Company
6261 Second Blvd., Detroit, Michigan

Please send me further information about the Burroughs Transit Machine.

Name.....

Bank.....

Address.....

(Continued from page 53)

believers in the value of instilling teachings of thrift in the young. Thrift is considered to be a filial duty. Many of the old Chinese traditions work for the best interests of the bank. The home banks are good business producers.

FAMILY ties and tongs are by no means the only outside forces to be reckoned with in the bank's affairs. You will become aware, if you question Miss Dorothy Gee long enough, that there is something else—these age-old traditions and beliefs, which have been ingrained in this people by an old, old civilization. There is that old custom of settling all debts at the Chinese New Year. The exact date of this event is dependent on the moon, and it will come this year on January 24. This established custom will have its reflection in the business of the bank. Deposits and withdrawals will jump during the month of January, while everybody's getting squared up for the New Year.

Good Christians are inclined to lump many of the ancient customs and beliefs of the Chinese under the single term, superstitions. Perhaps there is some justification for this. However that may be and whatever they are, at New Year, when Chinatown's streets are lined with masses of yellow China lillies, and its doorways hung with bright-colored paper lanterns, the most picturesque of them come parading out in public. There's the scaring away of the devil by setting off long strings of fire crackers. There is the New Year's eve banquet, at which the kitchen god, Chu Hai, is feasted on honey and other sticky substances—in order to seal his eyes, so, when he makes his annual report to the gods concerning the doings of their mortal subjects, he won't have seen too much.

It isn't likely that these are the particular customs or superstitions or whatever they are which affect business at the Chinatown bank. But Dorothy Gee says there are some that surely do. Just how they do is another matter. There are lots of things the manager of the Oriental Branch of the French American Bank has to place in the category of the unknowable.




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IN THIS ISSUE A TRAVELOGUE OF BANKING FAR AND WIDE
THE NOON HOLDUP; A BANK'S BOND STORE

CHEVROLET

*for Economical Transportation*



# QUALITY AT LOW COST

Chevrolet dealers sell a product that possesses the highest ideals of value—abundant quality at low cost.

The new Chevrolet has a greatly improved chassis construction—new disc clutch, new rear axle with pressed-steel banjo-type housing, new semi-elliptic springs; new bodies of greater beauty and comfort, closed models with handsome Fisher bodies, finished in beautiful colors of Duco; coach has balloon tires, sedan and coupe have disc wheels and balloon tires—quality features that you would expect to find only on high priced cars.

People who see these cars are astonished to learn that they can be sold at such low prices.

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*ALL PRICES F. O. B. FLINT, MICHIGAN*

## *The Editor's Indorsement*

AS WE scan our table of contents this month and allow for a few observations of our own on the New York manner of banking, we see very clearly that this indorsement is going to assume something of the aspect of a travelogue. So the reader who has been everywhere and seen everything or doesn't care for his travel vicariously, is privileged to skip to high-class reading matter from other pens than ours, beginning on page 5.

ARTIST Harold Flucke, hands us the drawing, as you see it on the cover, of the Capitol dome symbolic in this month of March of the inaugural in Washington whither all eyes will turn. "Striking," we said. "But the sky—. Isn't it a little—ah—a little——?" He takes the word out of our month. "Lurid, you mean? Sure. Fireworks, maybe, or anyhow the Teapot Dome, Forbes, the Scott case——." Hurriedly we pass it on to the engravers. Those artists are irreverent fellows.

OUR Friend, Frank Loomis Beach, enterprising auditor of the Hibernia Commercial and Savings Bank, of Portland, Ore., has the right idea. When he feels the need of first-hand information of what's going on and a stimulus to his interest in the banking business in general, he climbs into his flivver and goes a-calling, for two or three months at a stretch, on banks large and small, in the great cities and in remote corners of the land otherwise inaccessible. He has the faculty of identifying banking characteristics distinctive of a given town by merely sniffing the atmosphere of the place. But he loves to lift the hood to see what makes the wheels go 'round—why the identical brand of machinery that drives the bank smoothly in San Francisco performs badly and requires a lot of tinkering in Boston. That we may follow him over the course of his latest tour, he gives us a faithful chronicle of his observations "By Ford and Pullman, Coast to Coast."

Having just returned from one of our periodic journeys to New York, we check Mr. Beach's impression that banking in the money center of the world is a thing apart. Its problems and its atmosphere are entirely different. Its outlook is national and international, rather than local. Its quiet dignity, minutely departmentalized organization and circumscription of authority in the official staff is its invisible, protective wall against the financial adventurers of the world forever seeking something for nothing. But it teaches a lesson in unfailing courtesy, from floor man straight to the top, that shames the open-handed, back-slapping counterfeit that serves in many mid-western institutions. The New York banker is past-master at removing the sting from a postponement or a refusal. While pursuing the elusive O. K., you may be dismissed (or personally conducted) by Mr. High to Mr. Higher, by Mr. Higher to Mr. Highest, by Mr. Highest to the board, but each in turn will presume to regard it as personal concern for regret and apology. Even the uniformed attendant in the anteroom helps you into your coat as though he were unaware of the perfectly obvious—that you do not hold in your pocket the control of the eight-million dollar account, nay nor the half of it. We sat beside the desk of Mr. Higher patiently presenting for the third time the details of our proposition. His telephone rang. A solicitor for funds for the Cathedral of St. John the Divine the campaign for which was then at its height, requested the bank's contribution. Mr. Higher acknowledged the semi-civic nature of the campaign. Because of that and other important considerations, he regretted exceedingly that the bank's rule against contributions permitted positively no exception. "You see," he said, adding the personal touch to clinch it, "I, myself, am a vestryman in the Episcopal Church, so you understand how I feel about it personally." They leave you smiling, even in defeat—and feeling like eight million dollars, content to waive an inventory.

And then we saw George Arliss in a Galsworthy masterpiece, "Old English;" Wolheim in "What Price Glory;" and not even the sordidness of "Desire Under the Elms," Mr. O'Neill at his O'Neillest, could depress us very much.

OR, WE offer this month a few attractive side trips. One to San Francisco shows us, through Franklin S. Clark, what Mr. Giannini, chairman of the board of the Bank of Italy, thinks of the possibilities of adaptation of his plan in the Bank of Italy for control in the hands of the employees. In Boston we see the new home of the First National Bank built to fit its newly adopted unit system of operation. Chicago presents a payroll deduction plan that brought in 10,000 accounts in four months and an average of $2,500 daily in new savings business. In Minneapolis we may examine a merit system appealing mostly to the pride of the workers whose errors and merits are recorded and posted every day, to promote speed and accuracy.

NEXT month we will show you Detroit, fourth city in population, but now second only to New York in wealth, and first in wealth per capita, as revealed in the figures of the Collector of Internal Revenue.

H. S.


# The Burroughs Clearing House

HERBERT SHRYER
*Editor*

C. D. MACGREGOR
*Business Manager*

MARCH, 1925
VOL. 9 NO. 6


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# The Supreme Test of Soundness

"The percentage of loss in real estate mortgage bonds has been practically nil. This is a remarkable achievement—one that has never perhaps been equalled in the history of finance."

Thus writes the financial editor of a leading New York newspaper and of a magazine known throughout the country. Through periods of inflation and deflation, of war and peace, of boom and panic, first mortgage real estate bonds have maintained their record of safety.

Because of this safety record, first mortgage real estate bonds are known and owned by investors everywhere. "No field of investment," the financial writer quoted above continues, "has shown such remarkable growth in recent years as that having to do with real estate first mortgage bonds.

"It has been popularized far beyond that of any other average investment."

As one of the oldest and largest houses specializing in this field, we have keenly felt the responsibility of maintaining this unblemished safety record. We have been guided by the principle that the first mortgage banker is in a unique position, being morally obligated to watch over the safety of the bonds he offers, from date of issue to final maturity. As a result Miller First Mortgage Bonds, owned throughout the nation, have never caused any investor to lose a dollar in interest or principal. So far as we know, they are the only first mortgage real estate bonds having the Four Distinguishing Marks—self-evident indications of safety.

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## MILLER *FIRST MORTGAGE* BONDS

Vol. 9, No. 6 — The Burroughs Clearing House — March, 1925

# By Ford and Pullman Coast to Coast

## A Travelogue of Observation of Manners and Customs in Great Cities and Remote Corners of the Banking World

*By* FRANK LOOMIS BEACH

WE WERE sitting in a little restaurant in San Francisco. A story might be written of the queer something, "atmosphere," peculiar to San Francisco restaurants. However, we were not talking of restaurants but of banks.

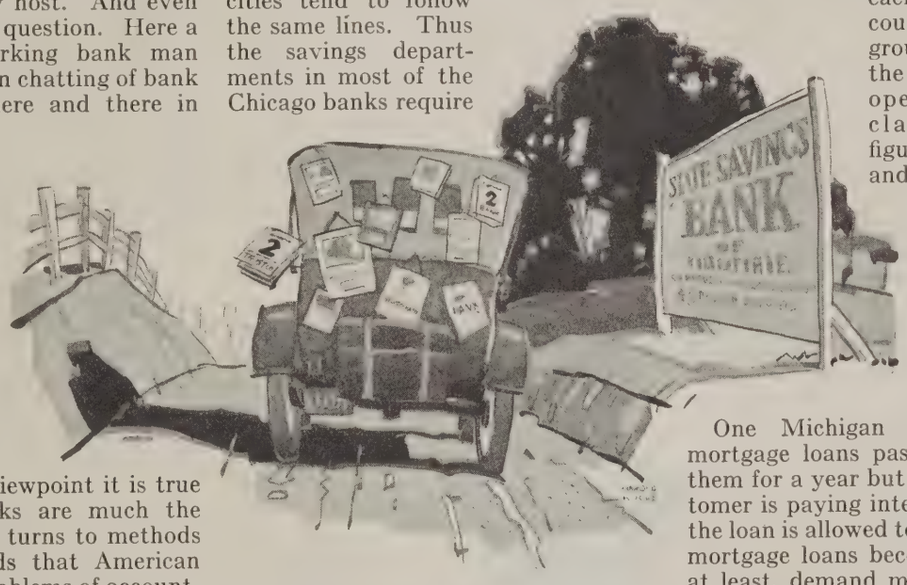
"How much of the year do you spend at home?" asked my host. And even I had to smile at the question. Here a supposedly hard-working bank man from Oregon had been chatting of bank systems as found here and there in New England, in Missouri, in Louisiana. It has happened, with the assistance of Ford and Pullman, that the last couple of years have brought me the opportunity to see something of banking system in almost every section of the country.

From the broad viewpoint it is true that American banks are much the same, but when one turns to methods and details, he finds that American bankers have met problems of accounting and organization in many differing ways.

*In Chicago*

Chicago is a Mecca for the bank man seeking new methods and late developments. In Chicago the clearing house examiner system was originated and here it has grown to its greatest strength. Here member banks proudly proclaim in their advertising that no depositor has ever lost a dollar in an institution operating under this examination method.

To solve the problem of collecting checks drawn on outlying banks, these neighborhood banks send messengers to a special early morning meeting at the clearing house. In some cases the big loop banks carry their service to business districts far removed from the downtown center by acquiring control of the stock of separately incorporated neighborhood banks. This same method is used in Indianapolis and to a limited extent in other sections where the law prevents the opening of direct branches. Systems in the same cities tend to follow the same lines. Thus the savings departments in most of the Chicago banks require




the customer to present withdrawal checks direct to the bookkeeper, who has a counter or a window for this purpose. The withdrawal is posted to the ledger, O. K'd by the bookkeeper as to sufficiency of balance and in some banks as to signature also, and is then returned to the customer, who takes it to the paying teller's window.

In the commercial department, instead of setting the statement posting machines to go across the line and post three checks in three different columns, they lock down the machines in one column and list checks one below the other.

In England it is common practice to encourage a borrower to overdraw his account rather than sign a note. One is reminded of that when he meets up with methods that he is disposed to question at first glance because they are unusual and unfamiliar but that probably have considerable merit nevertheless. One or two banks in Iowa, for instance, discard the customary semiannual figuring of all savings interest, in favor of a method of crediting interest on approximately one-sixth of the accounts each month. The accounts are divided into groups according to the dates they were opened. Thus one class has interest figured in February and August, another in March and September, and so on. The object, of course, is to spread the load of the bookkeepers and tellers over the year.

One Michigan banker likes his mortgage loans past due. He draws them for a year but as long as the customer is paying interest semiannually, the loan is allowed to ride. In this way mortgage loans become, on their face at least, demand money. Should the bank need funds it can sell any of this past-due paper. A bank in the South, visited on the trip, does not fool itself with false optimism. At the time that it makes a loan it writes up a notice that the loan is past due. This notice is held in the file ready to go in the mail the day the paper passes maturity.

*Where Flourisheth the Pin*

Detroit is a city of many branch banks. The big banks have carried their service to every neighborhood center. Even to one accustomed to witness the blossoming of Pacific slope raw sage brush into ten-acre orchard tracts and town lots overnight under the magic touch of mail advertising and eastern investors, the rate at which Detroit has been expanding is astonishing.

In their head downtown offices, the

banks, like Foch directing his armies, have wall maps with many pins of many colors. Green pins may represent their own branches, red pins branches of their competitors, purple pins branches under construction, and so on through the spectrum. If Detroit keeps on growing the manufacture of pins will probably become the world's greatest industry.

The banks here are progressive even to the extent of advertising to airplane passengers by painting signs in big letters on their flat roofs and constructing driving nets for the improvement of vice-presidential golf practice in the basement. Accounting methods, with labor-saving devices and auditing control fully provided, are, generally speaking, of the best. Soundproof ceilings have a considerable popularity. These ceilings absorb the clang and echo from typewriters and other machines to a surprising extent. Lunch rooms are another feature stressed in Detroit. Meals are served free and employees ordinarily are expected to remain in the building during the noon hour.

Continuing along the lakes one reaches Ohio, the home of building and loan societies. In Toledo and particularly Cleveland, every corner seems to have its association arranged and constructed, so far as the outsider is concerned, practically as a savings bank. Pass books are issued, withdrawals are ordinarily permitted without advance notice or penalty, and interest is credited at 5 per cent.

*Cleveland, the Advanced*

The evidences of competition are most noticeable in Cleveland. In addition to the many building and loan associations, the larger banks have carried branches to all of the outlying business centers. The bank of the Brotherhood of Locomotive Engineers, established some four years ago, has grown rapidly and with its special dividend has been paying 5 per cent on savings deposits. A mutual savings bank with $66,000,000 in deposits pays 4½ per cent and the clearing house banks pay 4 per cent. Interest is generally paid on individual checking accounts when the balance maintained is over $500 or $1,000.

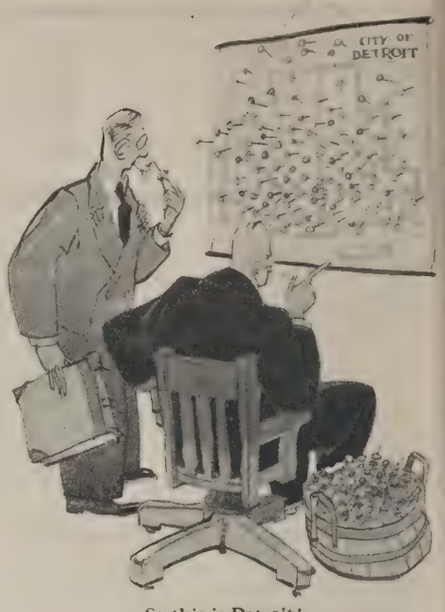
Cleveland has what is claimed to be the largest banking building in the world. The new home of the Union Trust Company is an L-shaped building 512 feet on one street alone. Even to one who has been ushered through new bank buildings until he is at the point of pawning the family Ford and buying shares in a marble quarry, this building is overwhelming. Unimpressionable indeed must be the man who is not awed by a sense of space and humbled by the lofty rows of retreating columns in that vast lobby.

To a banker the question arises "Do such buildings pay?" He is answered by figures showing an increase of some forty millions in deposits within a few months after the opening and the statement that the return from the great office area in the upper stories not only carries the building, but makes it an attractive investment.

In the opinion of the writer Cleveland is the most advanced banking center of the country. Here trust business has been extensively developed and is a profitable department. Auditing methods are exceptionally complete and a very thorough system of accrual accounting is in general use by the clearing house banks. All items, both of income and expense, are included in the accrued figures, which are carefully checked, and these figures mark the point which must be realized in actual collected income.



Spur-proof tables in the boundless West




So this is Detroit!

A uniform financial statement for borrowers is used by all of the clearing house banks. In this form is incorporated a schedule for profit and loss figures and the credit departments insist on this data being furnished. The clearing house examiner's office makes direct verification of loans and collateral with the borrower and maintains a bureau that obtains detailed information as to the value of non-listed stock that may be held by or offered to member banks as collateral.

Advertising methods include many billboards, extensive central files, and a wide reputation for furnishing any type of entertainment that an out-of-town banker may desire. This last covers a great deal.

*Branch Banking in the East*

Branch banking is the rule rather than the exception in the large cities as one swings east. There are many differences, however, in the plan of organization. In some cases the branches are merely paying and receiving stations with all prospective borrowers referred to the central office. In Maryland, some of the branches have their own directors pass finally on all loans, have their own correspondents, and are subject only to an occasional examination from the home office. In Boston all the bookkeeping is done at the central office. The banks have only two or three branches. The tellers are connected with the central bookkeeping department by telautograph and armored automobiles collect the batches from the tellers' cages at frequent intervals and take them to the central office for posting. A customer may be served at any branch.

The ledgers are arranged in one alphabet irrespective of branch with which the customer may be doing business.

The conservatism traditional to New England does not seem to have restricted the adoption of new methods in the commercial banks. The famed Boston ledger has been largely deserted and is now more at home in New York. The mutual savings banks have a monopoly of the name "savings." Capitalized banks can conduct savings departments but must call them by another name such as "special interest department," "thrift department," etc. The savings banks are old and large institutions. They are administered by a self-perpetuating board of trustees and were originally founded by public-spirited citizens with the idea of service to the working people foremost. Deposits and withdrawals are passed through two or three hands while the customer waits and no effort is spared to make certain that the entry in the pass book will be correct before it leaves the bank. The Massachusetts law permits the savings banks to write life insurance on their own account. This does not mean acting as an agent. Instead, the bank itself is actually the insuring company. The idea has not been taken up extensively. I had wanted to visit one of these insurance banks, but at Boston I stopped visiting long enough to get married, and one cannot do everything on one trip.

*Explaining New York*

"New York is the next stop." Those words always give me a thrill and my pocketbook a relapse. Many bankers from the West, and the West is supposed to mean the United States west of Jersey City, say that there is nothing to be learned in banking system in New York. Personally, after that never-to-be-forgotten entertainment handed us delegates at the greatest of all A. B. A. conventions, and the open-hearted hospitality that went with it, I would hate to have to say anything against the banks of the Metropolis. And it isn't necessary. It is a case of the problems being different. Generally speaking, the business comes by mail or from a comparatively few large depositors. There are half a dozen bank lobbies in Memphis that are as crowded on Saturday morning as the lobby of the largest institution on Wall Street.

Per item costs when spread over the total of the deposits are not as vital as they are with banks catering to small customers. The employees stay with their institutions for years and the introduction of new methods would force changes in personnel that would be extremely disturbing.

One's impression of the banks of New York is formed by the nearly deserted lobbies, vault doors in massive steel that are reverently shown to visitors by their grey-haired custodians, and by directors' rooms. In directors' rooms, New York holds its own with the world. Dedicated to a few brief hours of service a month, are thick carpets, gold leaf, and inlaid tables. It startles one's equilibrium a little—hailing from the West where the chief requirement of a table is that it be spur-proof.

*Some Country Banks*

Some of the country banks are even more interesting than their city cousins. Here and there is a bank that has taken the field and thoroughly cultivated the ground. The First National Bank, of Clarksville, Tennessee, took a country school-teacher, some three or four years ago, a man who knew the back-country folks and who was not too "citified" to feel at home in a farmhouse, and turned him loose with a horse and buggy and instructions to get acquainted with everyone in the county. Gradually, the bank has built up a card file on every possible customer with a few words as to his history, what he owns, and what his reputation is.

This list is used not only as an active and exceptionally informative mailing list, but also as an effective credit bureau. Often it supplies sufficient credit information to warrant an immediate decision on a loan when the applicant drops in. And the representative in gathering the information, has made many friends for his institution. This bank has built up a subsidiary trust business that might be the envy in size and earnings of banks in much larger places.

Clarksville is famed as the home of the First Woman's Bank in Tennessee, probably the pioneer in all the world of banks owned and operated solely by women.

Then there is a bank in Plymouth, Michigan, a village of some 1,200 people and famed in boydom for the production of 95 per cent of the world's air rifles. This bank by direct mail keeps in touch with all of its community and has developed a per capita savings business beyond the dreams of most hard-working bank publicity men.

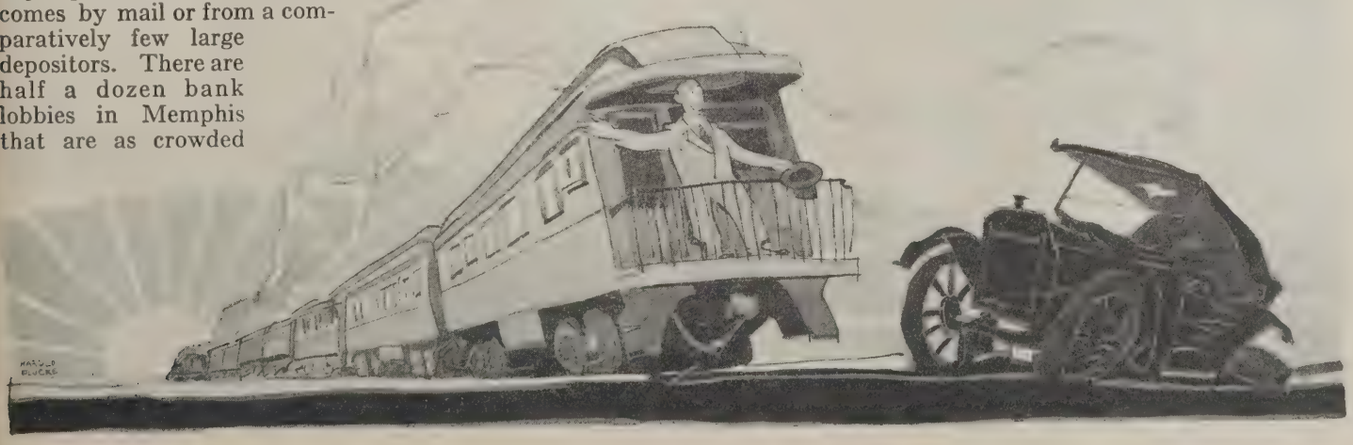
Another bank in Michigan, by no means the largest in the state or even in the moderate-sized city in which it is located, has doubled its capitalization three times in the past twenty-five years, allowing the old stockholders each time to subscribe at par. And now, stock sells at $350 a share. In addition, it has paid satisfactory dividends.

These, and an infinite number of other instances that could be cited, teach us that almost every bank has its interesting and helpful story, if one had the time to find it.

*Distinctive New Orleans*

In New Orleans, the banks clear at eight o'clock in the morning. All counter work, such as a bank's own checks cashed at the window or received on deposit, are entered as totals in the general books, but are not posted to the individual ledgers until the next morning. Then the items received in the clearings are sorted in with the previous day's counter work and posted in one run. While the ledgers are being posted, another set of clerks is posting the statements, the statement men taking the back half of the book and the ledger men the front. Normally, the run is completed about one o'clock, and the bookkeepers have the balance of the day for running ledgers. filing and the like. The method decidedly takes the pressure off of bookkeeping. I have been trying to decide

(Continued on page 30)



# Retail Bond Sales Over the Counter

## A "Bond Store" in Cleveland—First Aid to Safe Investment and a Dependable Feeder to All Departments of the Bank

*By* D. K. SNOW

WHEN The Union Trust Company, Cleveland, Ohio, moved into its new quarters, in its twenty-story bank and office building at the corner of Euclid Avenue and East Ninth Street, it established upon its Euclid Avenue frontage a retail store for the selling of bonds.

This store is conducted in much the same way as any high-grade store which sells actual commercial articles at retail. It has a display window in front, a counter on the inside, and salesmen and saleswomen behind the counter.

It is something new in Cleveland to have bonds placed upon sale in this manner.

Mr. A. H. Scoville, vice-president of the company, and manager of its bond department, explains the establishment of the Bond Store as follows:

"Our Bond Store," says Mr. Scoville, "is simply our answer to the demand of the buying public. Since the Liberty Loan drives, the public has become more and more educated to the buying of bonds even in small denominations. The Bond Store is an added convenience for the purchasers of investments, making it unnecessary for them to take the elevator to the main Bond Department on the second floor, and helping to establish the status of bonds as a standard financial commodity."

The experience of the Bond Store since its formal opening in May, 1924, has brought to light a number of interesting reactions on the part of the buying public.

It was expected that the Bond Store would attract expecially the man who heretofore had, perhaps, bought very few bonds indeed, or no bonds at all. To a certain extent this proved to be the case— but it is interesting to know that the Bond Store likewise attracted the former purchaser of bonds and similar securities. Although a number of bonds are sold to people who never bought bonds before, a still larger number of bonds are sold to people who have constituted a part of the investment buying public for some time past. In short, the convenience of the location of the Bond Store appealed equally to the consistent buyer of bonds, and to the person who had never bought bonds before.

It was further expected that this Bond Store, inasmuch as it was located on the sidewalk and had a number of saleswomen behind the counter, would appeal especially to women shoppers. It was assumed that more women than men frequented the merchandising area of Cleveland during the daytime, and consequently more women than men would be interested in buying bonds through the Bond Store. This, however, has not proved to be the case. About as many men as women now buy bonds through the Bond Store, and men prove equally attracted by display windows, and equally interested in the convenience of bond-buying facilities located upon the ground floor instead of upon the second floor of the Union Trust Building in the Bond Department.

It was expected that this Bond Store would attract especially the small purchaser, that is, the man who would buy baby bonds, or the man who would perhaps buy larger bonds upon the partial payment plan. This is another idea which has not worked out according to expectations. While it is true that the Bond Store has succeeded in attracting the partial payment buyer and the small buyer to a considerable extent, it has been equally successful in attracting the buyer who purchases bonds outright in large denominations. Here again convenience of location has demonstrated its pulling power, as a number of heavy purchasers of bonds have bought through the Bond Store instead of going up stairs to the second floor, to the main Bond Department.

In fact the percentage of partial payment buyers has been small in



comparison with the total volume of business transacted at the Bond Store. The salesmen in the Bond Store even go so far as to say it is often easier to sell a $1,000 bond than a $100 bond, as the buyers of larger denominations are experienced in investment purchasing, and therefore are easier to convince and easier to sell than newcomers who have never before purchased a bond and must be educated as to what a bond is, how it produces an income, and how one must go about purchasing it.

Nevertheless the Bond Store has been extremely valuable in cultivating new customers. These customers, perhaps, have never bought bonds before. They are attracted by the display window; they enter the store, and are first initiated into such questions as what a bond is, how it may be purchased, what it constitutes, and how it produces an income. They may perhaps buy a $100 bond as an experiment. Once sold a small bond, customers may start to purchase $1,000 bonds, and join the ever-growing army of buyers of sound investments. Besides using the facilities of the Bond Store, they may very likely go still farther and tie in with the bank's commercial banking department, savings department, safety deposit department, and so forth. Thus the Bond Store has proved of great service in the establishment of new contacts for the Union Trust Company.

Of course, it is necessary to expend upon new customers a greater amount of energy, as far as selling is concerned, than upon old customers. For, dealing with new customers, it is necessary to explain details in connection with investments in general which need not be explained to old customers. However, this selling effort is often amply repaid in volume of sales and in the value of these new customers as general customers of the institution.

ONE of the most interesting things about selling bonds over the counter is the vast difference in approach. In fact the approach is absolutely the opposite from that in the ordinary bond department. The usual method of selling bonds is one in which the bond department salesman goes out and interviews the prospect in his own office, presenting to him the advantages and the profits which might accrue from some particular purchase. This, of course, is to a certain extent rather intensive selling and immediately erects a wall of so-called "sales resistance" in the mind of the prospect.

In the Bond Store the situation is exactly reversed. The prospect, interested in bonds by the appearance




of the display window in the Bond Store, or by the fact that bonds are being sold at retail "on the Avenue," comes into the Bond Store. The prospect, in short, takes the initiative. It is the prospect who asks the questions, and the salesman or saleswoman behind the counter who answers them. The salesman or saleswoman has the advantage over the prospect, in that the prospect has already demonstrated his or her interest in bond buying. This interest does not have to be aroused. There is no wall of "sales resistance" to be overcome. The very fact that a prospect has entered the Bond Store shows that he or she is a likely prospect for the purchase of bonds.

This fact goes far to overcome the prejudice which often exists in the minds of the laymen in regard to the seller of securities. Many men perfectly able to purchase bonds, lacking previous experience, seem to feel that a bond salesman entering their office is trying to "put something over." However if these same men can be attracted by display windows in a Bond Store, and enter the Bond Store of their own accord, this prejudice is automatically overcome. In short, the Bond Store places the "approach" in the hands of the prospect instead of in the hands of the seller.

After all, the greatest service of the Bond Store lies in the establishment of new contacts and the locating of new prospects, not only for the bond department but for the entire banking institution. It is not designed primarily to yield a large profit. It is an innovation; it is a pioneer in its field and in its very nature cannot be placed in the same category as the usual selling force of an established bond department of a large bank. Nevertheless, the Union Trust Bond Store is already upon a self-supporting basis.

Entirely regardless of its value to the bank as a profit-making and business-getting department, it must be considered as a further step toward making all of the services of a large bank easily available to the general public and toward the education of the public along the lines of sound, conservative investments.

# How Many Renewals of a Note?

*By* M. L. HAYWARD

"WE ARE in receipt of your note for $500, which we have discounted and placed to your credit," the bank wrote. "If, as you intimate in your letter, you are not able to pay in full, we hereby agree to extend the dates of payment by accepting renewals."

The note in question fell due, the customer made a payment and renewed; the renewal fell due, whereupon the customer tendered a part payment and another renewal.

"Can't accept a renewal—this note must be paid in full," the bank announced.

"But, you agreed in your letter that you would renew," the customer protested.

"Yes, we renewed once, and that's the limit of our agreement."

"No, I contend that you're bound to renew as many times as is necessary until the note is wiped out," the customer argued. And he carried the case into court.

The New Jersey Court of Errors and Appeals dealt with this point in a recent case reported in 117 Atlantic Reporter, 629, and ruled in favor of the bank.

"At best the contract requires but one renewal, and that has been granted," the Court said.

# The Productive Payroll Deduction

## A Chicago Plan That Nets 10,000 Savings Accounts in Four Months and a Daily Average of $2,500 New Savings Business

*By* J. K. WAIBEL

A PAYROLL deduction savings plan that yielded 10,000 savings accounts during the last four months of 1924 is in operation in the Continental and Commercial Trust and Savings Bank, Chicago. During the time indicated the plan has added a daily average of $2,500 to the bank's savings deposits from new business alone.

What is popularly known as the payroll deduction or industrial savings scheme forms the basis of the Continental and Commercial plan. Months of study and weeks of preparatory work among employers led to the shaping and adoption of a plan that sells in all factories solicited to 60 per cent of the employees on the first visit of the solicitors. This percentage has been increased to 90 per cent in all institutions visited a second time. It is also interesting to observe that for every dollar credited to payroll savers an additional deposit of sixty cents has been made voluntarily.

Mortality is an incident of life and probably no bank business-getting scheme has been devised from which the possibility of losing business once got has been entirely eliminated. During the time mentioned—August, 1924, to the end of the year—the mortality of *new* industrial savings accounts ran 5 per cent. This itself is not astonishing, but the unexpected bears kinship to this mortality. All "closeouts" occur within thirty days of the date of the first deposit. When the plan was put into operation there was no way of measuring the probable mortality of these accounts, but after two months' experience it was found on careful checking that exactly 5 per cent of the depositors secured during the first month had dropped out within thirty days and that this phenomenon had repeated itself in the second month. It formed a fair basis, in fact the best, for forecasting future mortality. To the surprise of those concerned with the operation of the plan the closeouts have remained at or below the 5 per cent level for every month.

Reason for this was sought, but good points are more difficult to analyze than bad ones, and finally the credit was given to the sales staff.




The cover of one of the attractive mailing pieces advertising it

To them it belongs although the officers of the bank are not so modest as to deny their efforts to inspire and guide. Unmeddlesome supervision and active interest by the officers of the bank marked the formulation and installation of the plan and it marks it daily.

This co-operation, this close working together, has made possible the selling and operation of the plan in scores of establishments. Wholesale grocery houses, lumber dealers, plumbing manufacturers, electrical manufacturers and jobbers, baking companies, department stores, transfer companies, wholesalers of produce and shoes, meat packers, correspondence schools, casket manufacturers, and many other business houses are availing themselves of the Continental and Commercial Bank plan of saving for their employees in factory and office.

Response to the plan is uniformly enthusiastic on the part of employees and "re-working" a factory or office has not yet failed to increase materially the number of employees who subscribed to the plan originally. The solicitors who have made these second visits reported time and again that employees who had not signed up previously, observed the working of the plan and the high regard in which it is held by users.

Cancellations are confined, on the one hand, to employees who, it seems, are anxious to save but whose income is not sufficient to permit it, and on the other hand, to those employees who resign, are discharged, or who contract to have more deducted from their pay than they can afford to spare from living costs. The last group are "sure fire" prospects for a smaller weekly or monthly deduction and nearly always come back.

The plan has as many virtues as it has ramifications. But here let it be understood that the ramifications and virtues are latent and that they must be brought out by good salesmanship.

It stands to reason that a number of workers approached have savings accounts—some in other banks, some in the Continental and Commercial. To these folks the plan is carefully explained and very often a man who is a hit or miss depositor is won to this plan and its periodic regularity. Thus accounts are transferred within the bank and accounts are gained from other banks.

FREQUENTLY it happens that a man is "hard boiled" and wholly out of sympathy with any plan that may call for a little self-denial. You should see this type soften when it is explained to him that a dollar or two a week out of his pay envelope will look mighty good in his youngster's pass book!

Officers of the concerns whose employees are solicited are usually ready and willing to commit themselves to the idea of applying a small part of their salaries to savings accounts for their children, and relatives of men and women using the plan have inquired whether a similar plan can be made available to them.

In some cases their inquiries were answered by the installation of the plan in the places of their employment. In other instances it was necessary to explain the relative value of the savings club idea. The latter effort bore fruit in the form of Christmas Club deposits. While this called for good salesmanship, especially with some people, it was successful probably because deposits can be just as regular, the amount optional, and there is an agreement to *deposit* a fixed sum, as in the payroll deduction plan there is an agreement to *deduct* a fixed sum.

So far the salability of the plan has not been reduced by soliciting in concerns somewhat remote from the bank. Every effort to make the plan workable and agreeable in such places was put forth when the plan was drawn and first applied. In the first place, any payroll deduction plan obviates the necessity of going to the bank. It brings the bank to the depositor. But the Continental and Commercial Bank has incorporated in its plan a method by which the employee of an outlying concern is surrounded by conveniences when he becomes a depositor. This feature appeals to the employer as well.

One of the important things in retaining the absentee depositor's good will is the maintenance of contact by the bank. This is accomplished by sending to the depositor the bank's monthly publication devoted to home making and income management. Each number carries articles of interest to every member of the family. Besides, a personal letter is mailed now and then. This letter briefly and cordially offers the facilities of all departments of the bank and suggests how they may be used.

The by-products of the plan constitute a capital item. Officials and higher salaried employees in whose offices and factories where the plan has been given application have voluntarily opened savings and checking accounts, rented safe deposit boxes, inquired for investment information, and in a few cases have purchased bonds in fair amounts and traded or sold their present holdings.

Firm Name_____

Until further notice from me, you are hereby requested and authorized to deduct each pay day $_____ from any pay which may hereafter accrue to me from you, and to deposit that amount to my credit in my savings account with the Continental and Commercial Trust and Savings Bank, Chicago, Ill.

Dated_____ (Signed)_____

Savings Pass Book No._____

**Above, the employees' authorization card. Below, the employee's deposit ticket sent to the bank in manifold with the firm's check covering the total amount. Attached to it is the receipt issued to the employee**

The operation of the plan itself is almost mechanical. An addressing machine and an adding machine are the principal equipment. A steel cabinet holding 25,000 addressing machine stencils is the file of payroll savings depositors. This file is readily revised and in addition to being the bank's record, it is used in the mailing of follow-up letters.

The adding machine is used to total the deposit slips and verify the amount of the covering check. Beyond this the bank's work consists of posting the credits on its own records and entering the amounts in the pass books when they are presented. This is requested by the depositor usually once a month.

Women whose husbands are using the plan have come to the bank's service station to have the family finances put on a business basis for the purpose, as one wife enthusiastically stated, of helping John save still more!

The bank has received many inquiries from various cities as to the probability of successfully operating the plan elsewhere. There is no apparent reason why the scheme should work in one industrial community and fail in another, but in any community it may be desirable to re-work the field after the lapse of about two years. The Continental and Commercial plan embraces this purpose, lest the longevity of the scheme suffer.

Check No Date Savings Acct No.

**CONTINENTAL AND COMMERCIAL TRUST AND SAVINGS BANK** We hand you herewith $_____

for deposit in your Savings Department to the credit of the above described account

Check No Date Savings Acct. No.

In accordance with your instructions, we have deducted from your pay the sum of $_____ which amount has been deposited to your credit in the

**CONTINENTAL AND COMMERCIAL TRUST AND SAVINGS BANK**
Adams, LaSalle, Quincy and Wells Streets CHICAGO, ILLINOIS

This deposit **has been placed to your credit on the books of the Bank** and will be entered in your pass book if you will present it with this memorandum whenever you are in the Bank; or, you may mail this memorandum and your pass book to the Bank and they will enter the deposit and return your pass book to you.

# Let's See What the Advertising Manager is For

*By* CARROLL B. RAINEY

SOMETIMES, seeing the picture from the inside, I think an advertising manager is kept on the payroll to turn down donations, prepare obituaries, interview school teachers, act as a walking city directory, answer foolish questions and tell Sunday-school stories at employees' meetings. Seriously, however, I doubt whether the rank and file of the banking fraternity have any idea as to what an advertising manager is hired to do.

Many a vice-president pictures the ad man sitting dreamily in his office, wreathed in smoke, feet on his desk, dictating inspirational bunk by the yard to some golden-haired stenographer. The ad man is supposed to be engaged in the buisness of writing advertising. What could be more natural?

Well, it's not so.

An ad man—that is, a good one—should be able to write, and write well, of course. He should be able to create, formulate and write selling ideas in proper advertising English. But if you imagine for one minute that turning out the well-known King's English constitutes the bulk of the work of an ad man, you've never been in a bank advertising office.

Now perhaps some advertising managers won't thank me for saying what I'm going to say. Perhaps some of them would prefer to bask in the light of the halo of a literary reputation. But the fact of the matter is that writing advertising copy constitutes only about 10 per cent of the work of a bank advertising manager! And furthermore, the chances are ten to one that this same "copy" could be bought from some advertising service more easily and more cheaply than it could be written in the bank's own advertising office!

There are some advertising managers who write practically none of the "copy" which they use. They buy it.

Why?

They're too busy to write it!

(Continued on page 40)

# Strategy to Stop the Noon Holdup

## Simple Devices Designed to Supply the Element of Surprise Necessary to Defeat Carefully Planned Attacks in Daylight

*By* HOWARD McLELLAN

WITHIN a single month not long ago fourteen small banks scattered about the country were raided in daylight by "yeggs" who carried off approximately $35,000. Eleven were branch banks. Each robbery, it appears, was committed by a different gang but they employed the same methods and, in almost every case, employed the same language in attacking their victims. The uniformity of executing their plan shows how well organized are modern bank yeggs. The more important fact is that each of the fourteen banks was attacked between the hours of 11:30 a. m. and 1:30 p. m. All were located on important streets in industrial and residential sections. Ten were equipped with modern protective devices. None of the robbers had been caught up to the time this was written. Thus, it will be observed, the bank yegg's zero hour for attack—the lunch hour when the bank force is depleted—is well timed. In six of the banks referred to only one man was on duty at the time of the holdup. In the others two or three employees were present.

In spite of the creditable courage displayed by some of the employees in these fourteen banks the plans of the bandits went through without a hitch. During one holdup a young woman with rare presence of mind hurled an inkwell through the plate glass window and attracted attention, but too late. The band was on its way loaded with loot. In others the alarm signals were pressed but also too late to be of any use, except to start posses in fruitless pursuit.

The professional bank yegg of today is a highly developed specialist in his line and rarely engages in any other occupation than bank robbery. He has developed facility of bank robbery to its *n*th degree. He even disdains to wear a mask. His system of espionage by which advance information on the interior workings of a bank is obtained is perfected to a point where it may be compared to army intelligence systems. Fifteen years ago all robbers wore masks. For robbery of banks, they made no elaborate plans. Today they travel in high-powered automobiles, usually stolen, and a few hours after a robbery are a hundred miles or so away. In the old days getting in and out of trains and street cars to and from robberies resulted in frequent identifications and captures.



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The aim of these Cleveland Trust Company girls looks deadly. All employees who come in contact with the public train in daily target practice

While I have not kept accurate record of scores of other bank robberies brought to my attention, I can safely state that 90 per cent of the daylight jobs were committed during the noon hour. Casual perusal of current newspapers will disclose that the percentage of robberies committed during noon is about as I have stated.

An interesting and valuable lesson is to be drawn from the situation just described, interesting because it shows the organized and methodical effort of the underworld's campaign against banks, and valuable because it points out various simple and inexpensive—and oft neglected—means of protecting banks against organized attack.

First a daylight bank robbery must be carefully planned down to the finest detail, from the moment of approach until the getaway. The information upon which the plan is predicated is obtained in advance usually by the yegg scout, an older man not strong or active enough to participate in the actual robbery. He loiters about the bank selected as the victim and uses any number of pretexts which give him an excuse for being in or about the bank. He may enter the bank and ask to have a bill changed—and very often one visit is sufficient to get a line on a small, poorly protected bank. If a more intensive study is necessary he becomes a small depositor in the bank, visiting it frequently to make deposits or withdrawals. This gives him the opportunity to make a further study of the location of the vault, the arrangement of alarm signals and the habits of employees with special reference to the arrangement of lunch hour schedules. Often he hires a safety deposit box and fills it with worthless papers and not infrequently among these papers are stolen bonds from other banks which the gang has not been able to negotiate. The deposit stunt is most commonly in use because it gives the scout an opportunity to strike up an acquaintance with a teller, who, in the interest of new business, treats the depositor courteously. It is impossible to paint a composite picture of the yegg type. He comes in all ages and types. The teller who can pick out the yegg from among other depositors has not yet been developed.

THE yegg scout may spend one or ten days getting the "lay" of a bank. He learns by casual observation that there are peak hours in the banking business when depositors visit their bank in great numbers and other hours when there is a lull in the day's business. If there are one or two employees in a bank at noon and the business lull is during the noon hour, he knows that at that hour the bank's resistance is weakest and he plans attack on the bank accordingly. A little more observation discloses the habits of the police on whose beat the bank is located. The scout co-ordinates his information and everything is set for the raid.

Old scouts whose memories are dimmed and nerves shattered by long criminal careers, do not trust these observations to memory but jot them down in the form of a pencil sketch of the bank plan and in notes. Many such

sketches and notes have been found on captured yeggs, in their quarters and often in raided bank vaults and automobiles where, in the confusion of getting away, they were dropped. It is amazing the amount of inside information, supposedly in the possession of bank employees only, is recorded on these sketches.

One of the most elaborately planned daylight bank holdups occurred in a small midwestern city not long ago. A study of the case suggested many protective measures the bank had overlooked—simple, inexpensive measures—which other small banks unfortunately still overlook.

FOR more than a month the yegg scout carried on an intensive study of the bank in question. It was specially long drawn out because the bank was new and thought by the scout to contain many new surprises for the yegg fraternity in the way of signals and vault construction. In due time the scout got all the information necessary except the hiding place of the bank's cash which usually amounted to about $15,000. The scout could never get close enough to the vault interior to study it. The hiding place was known only to two men in the bank and they observed extra caution when it came to putting the money away at the end of the day. This scout, afterwards arrested, confessed that he had about given up the job when the unforeseen occurred.

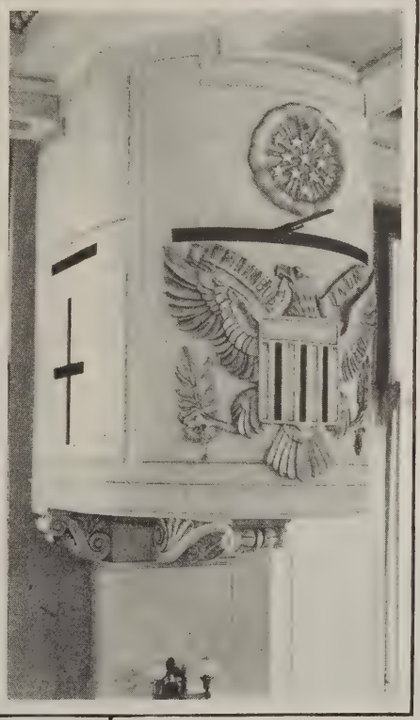
The scout, posing as a worker in one of the nearby factories, was in the bank one noon when the cashier left his cage and went into the vault. Upon emerging from it he attempted to close the heavy steel door and jammed his fingers. He screamed. The scout, who was the only other person in the bank, rushed to the injured cashier's assistance. In his pain the cashier made a fatal mistake.

While bandaging the injured fingers the scout peered into the vault and noted that the cash was deposited in one of three large safe deposit drawers among 300 smaller safe deposit boxes. The keys were hanging in the drawer. In one glimpse he obtained the information he had been waiting for.

He went a little farther. Noting the cashier's livid face and faintness, the scout invited him to go out and get a "good stiff drink." As soon as the lunch hour relief returned, the cashier and the scout adjourned to a small speak-easy down the street where each had a drink. Unwittingly the cashier spoke of the arrangement of the vault.



Armed guard of the First National Bank, Detroit





A burglar outlook of heavy armored steel commanding the main lobby of the manufacturers National Bank, of Troy, N. Y., and the bank's target range for weekly practice. The officer standing at the left observes the hits through a telescope and keeps score

A WEEK later three armed bandits entered the bank at precisely the same hour the cashier had jammed his fingers. The cashier was alone, the vault door was unlocked. One bandit levelled his revolver at the cashier and gave him the usual command. He went a little farther and ordered the cashier to "step to the right and keep your damned foot off that signal on the floor." The bandit knew exactly where the signal was located.

"Now hand out that gun," the robber commanded, pointing to a drawer on the right. The cashier complied.

"The keys to the vault now," said the bandit. The cashier handed him a bunch of keys.

"No, not those keys," said the bandit. "I want the safe deposit box keys hanging up there" and he pointed to another bunch of keys hanging on the side of the cage. Again the cashier complied. The bandit threw these keys to his companions standing in the lobby and they instantly scaled the eight-foot grilles and in a jiffy were inside the vault.

In less than five minutes the bandits had made a clean job of it and were on their way with something like $11,000 in cash. Each bandit was as familiar with the workings of that bank as the employees.

At the start of the investigation (begun less than an hour after the holdup) it looked like the job had been done through inside collusion with

some member of the bank force. How else could the bandits have gotten their intimate information? The cashier had forgotten to tell us about the stranger who bought him a drink or else he deliberately held back this information, fearing that it would show him guilty of a glaring indiscretion. When things began to look black for him he related the incidents. His story about the jammed fingers and the drink of whiskey led us to the speakeasy and from thence to the hang-outs of the bandits and in course of time they were captured together with some of the loot and the pencil sketch which their scout had furnished them.

THE case just cited is identical with scores of others and the point to be emphasized about all of them is the same. The height of bronze grille work may at first seem unimportant but had it extended up to the ceiling, access to the vault would have been made more difficult. It would have at least delayed the operation and even though the delay might not be longer than a minute, any element which delays or surprises the bandit works in favor of the bank. In the case of the bank cited a delay of a minute probably would have forestalled the bandits, for just a minute after they left the bank two bank employees returned from lunch and three depositors entered. A minute's delay might have saved that bank $11,000! The bank president saw the importance of the grille work and on the same day of the robbery, but following it, unfortunately, ordered the grille extended to the ceiling. He had entirely overlooked this detail when the bank was built, just as hundreds of other bankers are overlooking it today. Just what effect the extension of the grille work had upon insurance rates I am not prepared to say but I understood that it lowered this bank's premium.

The arrangement of lunch hours was another important defect in this bank's protective plans. It seems the height of folly to leave one man alone on duty during the noon hour, yet a study of bank holdups will disclose that invariably only one or two employees are on duty when these raids occur. I do not mean to say that the presence of two or more employees will thwart every daylight bank holdup but they have prevented enough of them to justify the practice.

A group of banks in a northwestern state tired of being made the targets of noonday holdups and hit upon an effective plan of stopping them. The banks are small banks and it was not possible to assign more than two employees for duty at the same time during the lunch period. However, they so arranged hours that during the noon hour one employee was always sitting at a desk apparently occupied in reading a newspaper or checking accounts while the teller was on duty in his cage. The employee at the desk had his finger on the signal button under the desk—never took it off while on guard. The alarm gong was located either in the police station some distance away or where someone to answer it was always available. At any rate it was far enough away not to be heard by bandits in the bank.

The reason for holding the finger on the button is obvious. Even though commanded to hold up his hands, this employee could press the button before obeying the command without tipping the bandit that he had given a signal. In the meantime assistance would be on its way, provided the bank is not located in one of those small towns where the ringing of the alarm is a signal for citizens and police officals to take to cover. And, unfortunately, there are towns like that. Bandits seldom cut signal wires during daylight holdups. They haven't the time and it would attract too much attention.

This newspaper trick has this advantage. It deceives the bandit by misdirection. Misdirection is as old as the art of black magic. The magician who directs your attention to one hand while performing the trick with the other is adept in misdirection. The bandit who centers his attention on the teller expecting him to use the signal becomes the victim of misdirection when another person in the bank attracting less attention, secretly rings the alarm. No one is inhuman enough to expect a bank teller who is looking into the barrel of an automatic to risk his life by an obvious attempt to signal.

There is also in this arrangement an element of surprise that has its strategic value. It is a principle of military tactics that surprise attacks should be met with surprise. The bandit always presumes that his well-planned attack will go through without a hitch. A minute's delay, an alarm given secretly or the appearance of unexpected persons, or an unanticipated move confuses the bandit, disarranges his plan and increases the risk of capture or death. Furthermore the bandit is not going to kill when capture becomes imminent and thus add murder to his crime. They do it sometimes but it is not the rule. The odds in that event must always favor the pursuer.

MANY other strategic methods are in effect to fight the holdup man. There are, for instance, the hidden bank guard, the concealed machine guns, secret signals and various kinds of propaganda. A small bank in a notoriously wicked section of New York City has an armored turret built over the teller's cage and two machine gun barrels trained on the doorway. No one, on the outside, has ever cared to find out whether men are actually manning the guns. They might sputter their answer with lead. One of the largest Federal Reserve banks is noted for the fine sculpture which adorns its front entrance but beneath the shaggy locks of one of the stone heads are little peepholes through which machine gun barrels poke their



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A shield of armorplate erected over the vault protects a watchman always on duty behind it at the West Adams State Bank, Los Angeles

(Continued on page 33

# Where Pride Goeth Before Promotion

## A Point Method of Crediting Merits and Demerits, With Publicity for Both, That Reduces Errors to a Minimum

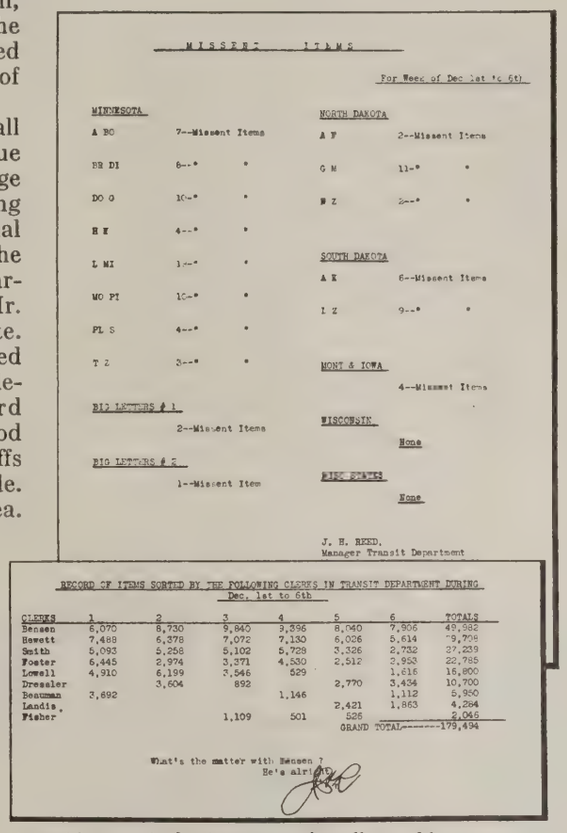
*By* THOMAS J. MALONE

"PRIDE, old fellow, pride!" That arch-bounder, Alfred Jingle, Esquire, of No Hall, Nowhere, knew precisely what he was talking about when he named pride as a prime motivater of human conduct.

Wise banks, too—or are all banks wise?—recognize the value of an appeal to pride, of the urge of pride, in promoting effort among employees. The First National Bank of Minneapolis is one of the wise ones. Perhaps in that particular only it agrees with Mr. Jingle, of whom more in a minute.

A visitor the other day noticed in its transit and bookkeeping departments three posted record sheets, designed to stir the blood of members of the respective staffs and put them on their mettle. They embodied the Jingle idea.

One presented a record of the number of transit items sorted by transit clerks daily for a week, with the week's totals. At the top of the list was the name of Bensen, with a score of 10,000 items more than the next man. At the bottom had been typed, "What's the matter with Bensen?" and below it was the answer that he was all right, initialed by the manager of the department.



MISSENT ITEMS

For Week of Dec 1st to 6th

MINNESOTA

| | | | |
|---|---|---|---|
| A BO | 7--Missent Items | | |
| BR DI | 8--" " | | |
| DO G | 10--" " | | |
| H H | 4--" " | | |
| L MI | 1--" " | | |
| MO PI | 10--" " | | |
| PL S | 4--" " | | |
| T Z | 3--" " | | |

NORTH DAKOTA

| | | | |
|---|---|---|---|
| A F | 2--Missent Items | | |
| G M | 11--" " | | |
| H Z | 2--" " | | |

SOUTH DAKOTA

| | | | |
|---|---|---|---|
| A K | 6--Missent Items | | |
| I Z | 9--" " | | |

MONT & IOWA

4--Missent Items

BIG LETTERS # 1

2--Missent Items

WISCONSIN

None

BIG LETTERS # 2

1--Missent Item

BIG STATES

None

J. H. REED,
Manager Transit Department

RECORD OF ITEMS SORTED BY THE FOLLOWING CLERKS IN TRANSIT DEPARTMENT DURING Dec. 1st to 6th

| CLERKS | 1 | 2 | 3 | 4 | 5 | 6 | TOTALS |
|---|---|---|---|---|---|---|---|
| Bensen | 6,070 | 8,730 | 9,840 | 9,396 | 8,040 | 7,906 | 49,982 |
| Hewett | 7,488 | 6,378 | 7,072 | 7,130 | 6,026 | 8,614 | 9,708 |
| Smith | 5,093 | 5,256 | 5,102 | 5,728 | 3,326 | 2,732 | 27,239 |
| Foster | 6,445 | 2,974 | 3,371 | 4,530 | 2,512 | 2,953 | 22,785 |
| Lowell | 4,910 | 6,199 | 3,546 | 529 | | 1,616 | 16,800 |
| Dressler | | 3,604 | 892 | | 2,770 | 3,434 | 10,700 |
| Beaman | 3,692 | | | 1,146 | | 1,112 | 5,950 |
| Landis | | | | | 2,421 | 1,863 | 4,284 |
| Fisher | | | 1,109 | 501 | 526 | | 2,046 |

GRAND TOTAL-------179,494

What's the matter with Bensen ?
He's alright

A week's record of missents, and, really, nothing seems to be the matter with Bensen as a sorter

Another sheet recorded the number of "missent" items for the same week, by the various groupings, sectional and alphabetical. The scores ran from none to nineteen. Anything above six is accounted bad. Seven groups ran above six each, nine between none and six each, and two rejoiced in a perfect tally of no missents. It was put up for all to see—and every one of the staff knew what clerks handled the groups.

In the individual and women's bookkeeping department, the posted sheet listed members of the staff by name and against their names tallied the kind and number of errors made the preceding month, with total demerits on a point basis and a translation into percentages as to efficiency. Of the twenty-eight bookkeepers listed, the scores ran from 50 to 99. Seven made 99, and their scores were red-inked.

Publicity for mistakes and for proficiency! An appeal to pride. "Any man," says Cicero, "may commit a mistake, but none but a fool will continue in it."

However, let's get back to Mr. Jingle.

It is the scene in which Mr. Pickwick with fine, unselfish ardor has exposed that genial adventurer to Magistrate Nupkins and his family. Jingle, posing as a dashing Captain Fitz-Marshall, had insinuated himself into the graces of the Nupkinses, even to making certain inroads into the heart of Miss Nupkins. Mr. Pickwick has denounced Jingle, present in person and about to be joined by his equally unprincipled associate, Job Trotter. The Nupkinses are overcome, "gloomily grand, and savagely vexed."

" 'What prevents me,' said Mr. Nupkins, with magisterial dignity, as Job was brought in, 'what prevents me from detaining these men as rogues and impostors? It is a foolish mercy. What prevents me?'

" 'Pride, old fellow, pride,' replied Jingle, quite at his ease. 'Wouldn't do —no go— caught a captain, eh?—ha! ha! very good—husband for daughter —biter bit—make it public—not for worlds—look stupid—very!' "

What keeps a staff on its toes, keyed to its best effort, besides the natural desire to be right? You have it—the repugnance to being shown up. "Pride, old fellow, pride!"

The appeal is, though, only one of many resorts in the First's practice in dealing with mistakes of employees and training against their repetition. Pride goeth before a fall? Yes, but, in business, it often cometh before a "raise." Salary increase and promotion are influenced by such scores as those presented.

This statement will be confined to the bank's methods in three departments—mail, transit and bookkeeping—as the ones in which the commoner mistakes most often occur, due partly to use of immature and less experienced help, to comparatively higher turnover and to the nature of the work itself. In the order named, these are said to be training schools for other departments in the bank and the habitual mistake-maker is likely to be weeded out before he reaches any of the others.

Errors in listing lead in all three, as might be expected—that failing in co-ordination of mind and muscle exemplified by punching the wrong key. Then come a variety of mistakes more or less peculiar to each department.

HOW about missorts in the mail department? Its head takes up such cases with the sorters as a group, citing the instance and cautioning against repetition. The department has not found a practicable method whereby a missort can invariably be traced back to the person responsible. Sometimes a sorter will recall that he made the slip, and will say so.

"Boys," says the head, "I've just learned that we sent a $12,000 check to 'country collections' that should have gone to 'transit.' It was delayed in handling and we've had a wire about it. Now that was a bad boner. Wonder who pulled it?"

And up speaks a young sorter. "Mr. Forester, I can not tell a lie. I guess it's on me. I did it with my little carelessness."

Some thought was given at one time to requiring mail sorters to stamp

all items, but nothing came of it because of the slowing up that would have resulted. In a bank, as with Uncle Sam, the mails must be moved with speed. Speed! That's the word in the mail and transit. Accuracy? Yes—it goes without saying. But speed, always; and again, speed! The bank experimented with an initialed thumb-seal for sorters, in a belief that definite identifying of sorters with the items they handled would induce greater care on their part, but abandoned it. Better to put up with a few additional missorts than delay routings to the other departments.

Items in mail that are not clear as to destination are "paged" among the different departments and officers until they find a home. Each head, to whom an item is referred, initials it before passing it on—thus leaving a continuous tieup. This initialing practice obtains with all kinds of papers that must be passed through several hands.

With a mail run that ranges from, say, 165 to 240 bunches a day, around 250 items to the bunch, the First National has a predetermined amount below which it is not necessary to check for difference. The amount is ten cents. For any difference above ten cents, the bunch is held up until the difference is found. Of course, if time permits, the search for the difference proceeds, no matter how small—but not when it holds up progress.

WE MOVE on to the transit department. It is the hour before noon. Here are nearly seventy boys and girls—just that, all youngsters seemingly, and about equal numbers of each—whaling away at various tasks with a speed, surety and energy fascinating to behold. The wonder is, not that they make mistakes, but that they make so few. Here 50,000 items are handled in an average day, representing a volume of five to six million dollars. The day after last November's election, "transit" handled 80,000 items of a total volume around $9,000,000. Some strain on those boys and girls!

A busy place this, with its scores of performers driving ahead in a harmony almost orchestral. Each operation draws from or feeds into some other. There is a precision, a definiteness about all this clatter that is music to the bank man. No one seems excited.

No fun in business? Those six sorters before their stands, each shooting bits of paper into their proper places among his twenty-six little compartments, are competing in a game calling for quick thinking, nimble hands, unwavering concentration, muscular endurance and nerve control.

The range of mistakes in the transit department is in sorting, listing, in differences in group runs, in failure to stamp the bank's indorsement, in stamping dates of payment by out-of-town banks against the wrong bank in the record book—and "missents."

Sorting mistakes go no further than the department and are readily corrected. Differences are righted in the recap. The receiving bank may itself supply a missing indorsement and advise of its action. If the date-paid stamp is placed against the wrong bank, leaving a charge open against a bank that does not deserve it, the fact will be found in proving before the day's close and the slip-up will have caused only time and worry on the part of its maker. But missents are different.

| Name | Reruns | Turndowns | Group Listing | Switches | Group Indorse | Stamp on Wrong Bank | Group Date | Lost in Train | Difference not found | Stop payment paid | Total Points | Percentage |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Lilgren | 3 | | 8 | | | | | | | | 8 | 99 |
| Brock | | | 43 | 13 | | | | | | | 69 | 50 |
| Morse | | | 7 | 6 | | | | | | | 19 | 95 |
| Dille | 1 | | 13 | 5 | | | | | | | 23 | 95 |
| Beume | 1 | | 26 | 5 | | | | | | | 50 | 85 |
| McKoll | | | 11 | | | | | | | | 11 | 99 |
| Goodhue | | | 24 | 6 | | | | | | | 40 | 85 |
| Feiss | | | 4 | 1 | | | | | | | 6 | 95 |
| Newcome | 1 | | 15 | | | | | | | | 15 | 99 |
| Nems | 1 | | 22 | | | | | | | | 23 | 95 |
| Cowner | | 1 | 29 | 3 | | | | | | | 53 | 85 |
| Juel, Jane | | | 7 | 1 | | | | | | | 9 | 91 |
| Smiler | | | 8 | 6 | | | | | | | 20 | 75 |
| Marlowe | 2 | | 10 | 5 | | | | | 1 | | 35 | 70 |
| Herpz | | | 12 | | | | | | | | 12 | 99 |
| Metcalf | | | 1 | | | | | | | | 1 | 99 |
| Chopin | | | 10 | | | | | | | | 10 | 99 |
| Milligan | | | 15 | 2 | | | | | | | 19 | 95 |
| Brummel | | | 43 | 9 | | | | | | | 61 | 75 |
| Shelley | | | 37 | 8 | | 1 | | | | | 60 | 75 |
| Strogoff | | | 44 | 3 | | | 1 | | | | 57 | 75 |
| Boyce | | | 33 | 3 | | 1 | | | | | 46 | 80 |
| Lundeen | | | 11 | | | | | | | | 11 | 99 |
| Jordan | | | 18 | 5 | | | | | | | 28 | 90 |
| Juel, Sara | | | 33 | 5 | | | | | | | 43 | 85 |
| Gratz | | | 8 | 1 | | | | | | | 10 | 95 |
| Wardman | 2 | | 24 | 4 | | | | | | | 32 | 90 |
| Tyler | | | 26 | 1 | | | | | | | 29 | 90 |

A typical monthly record of each employee's errors and percentage standing

At the First National, mailing out a check from the transit to the wrong correspondent is about the gravest blunder a transit clerk can commit. It will not be disclosed until the receiving bank returns the check. Delay in payment and loss to the First on "float" result. If the bank on which it was drawn becomes insolvent in the period of that unnecessary delay, the inconvenience or loss is still more serious.

In the "missent" record reproduced with this article, the numbers indicate considerable variety in "good" and "bad." With six marking the dead line for "good," what about those who score ten, eleven and nineteen? They are due to hear from the department manager. Sometimes merely directing attention to a mistake insures against its repetition. But even more than the fact of that interview with the chief is the knowledge that before all the staff one is published as a mistake-maker, a slacker, an under-par.

However, the "missent" record is not always to be accepted for what it appears. It happens to be a barometer of conditions in the department, and sometimes those conditions are abnormal and deserve condoning. Minneapolis dealt with a smallpox problem in the late months of 1924, and office forces everywhere in the city were affected by vaccinations. Many of the missents of that period were attributable to substitutes taking the place of the vaccinated or to the vaccinated themselves sticking to their tasks when not fully equal to them.

IN THE individual and women's bookkeeping department the common possible errors have been analyzed and graded as to relative seriousness on a system of points. Bookkeepers are checked up daily and a monthly record posted. Axel Johnson, head of the department, explained the system in an article in *The Burroughs Clearing House* in 1920, after a year's trial of it. An additional four years has more than proved its value.

The scale of demerits runs:

| | Pts. |
|---|---|
| Error in listing | 1 |
| Switch (posting an item on the wrong account) | 2 |
| Tardiness | 3 |
| Error in interest | 4 |
| Item posted in error (notes, bills, drafts and acceptances, post-dated checks, certified checks, checks not properly indorsed, checks similar to First National Bank's but drawn on some other bank | 7 |
| Late return (clearing house items not accepted and not returned by bookkeeper within a specified time) | 10 |
| Difference not found by bookkeeper | 15 |
| Stop-payment paid by bookkeeper | 25 |

In determining merit ratings, the points are counted thus:

| | p.c. |
|---|---|
| No errors—no points | 100 |
| Total of 11–15 points (errors in listing only) | 99 |
| Total of 16–25 points (errors in listing and switches only) | 95 |
| Total of 26–35 points | 90 |
| Total of 36–45 points | 85 |
| Total of 46–55 points | 80 |
| Total of 56–65 points | 75 |
| Total of 66–up points | 50 |

A typical record sheet for a month in 1924 is reproduced. Absences, though tallied, are not demerited.

Of the twenty-eight bookkeepers

(Continued on page 50)

# An Adventure in Employee-Ownership

## The Plan of the Bank of Italy, the Man Behind It and What He Thinks of Its Practicality in Other Banking Institutions

*By* FRANKLIN S CLARK

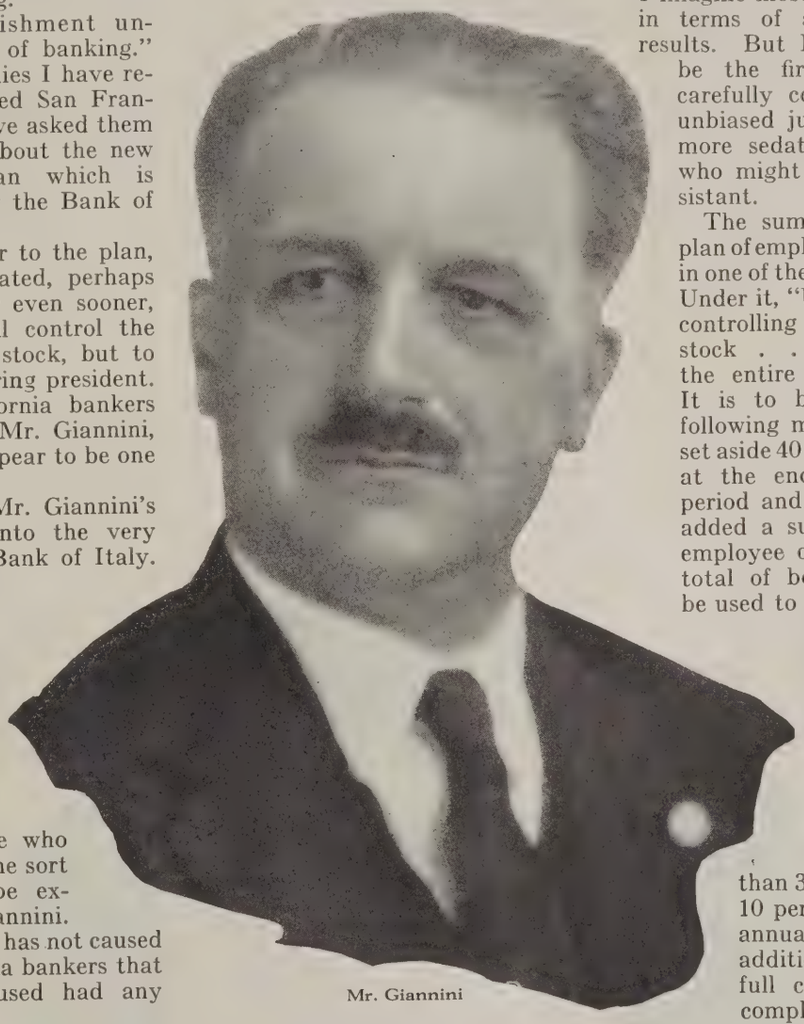
"UNDOUBTEDLY he has a genius for organizing."

"An accomplishment unparalelled in the history of banking."

This is the sort of replies I have received from well-informed San Francisco bankers when I have asked them to express an opinion about the new employee-ownership plan which is being put into effect by the Bank of Italy.

The replies don't refer to the plan, whereby it is contemplated, perhaps in four or five years or even sooner, that the employees will control the majority of the bank's stock, but to A. P. Giannini, the retiring president. In the minds of California bankers the Bank of Italy and Mr. Giannini, the man who built it, appear to be one and synonymous.

This is significant. Mr. Giannini's personality is woven into the very warp and woof of the Bank of Italy. It is woven into its remarkable growth, which in twenty years' time has increased its original nest egg of $285,000 total resources to $340,000,000; and into this latest development in the institution, the employee-ownership plan. Those who know him say this is the sort of thing that might be expected from Mr. Giannini. For this reason, the plan has not caused the stir among California bankers that it well might have caused had any other bank adopted it.



Mr. Giannini

"I don't control this bank financially, I'm not wealthy enough," Mr. Giannini told me in the course of an interview about these new, and perhaps revolutionary, policies in banking which are being put into effect by this state-wide California bank. Nevertheless, he has dominated the bank's policies in the past and will probably continue to do so, if he so desires, for some time to come. How has he done it?"

Through his genius for organizing and his remarkable executive ability, is the answer most bankers will give you who have watched this spectacular banking achievement develop.

To see him is to become aware that he is a man of unusual gifts of leadership. He is at least six feet tall, broad-shouldered, narrow-hipped. His eyes have a warmth in them, and a liking for his fellow beings. There is a litheness in his carriage. I had a good opportunity to study him while I was awaiting my turn to see him. From where I sat I could observe him through the open door of his office. He was on his feet, gesticulating, walking about, during all the time I waited, upwards of half-an-hour. He leaves sentences unfinished; he talks in ideas rather than words. He has never made a public speech and vows he never will.

When it came my turn to see him, though there was nothing lacking in his cordiality, he continued to "receive" standing up. It was an intense interview I had with him. No leisurely puffings of cigars, but everything right to the point. And yet he was not brusque. He seemed to be a man who is interested in what the other fellow thinks and has to say. I imagine most of his own thinking is in terms of action and immediate results. But I should say he would be the first to appreciate the carefully considered findings, the unbiased judgments, of a man of more sedative habits of thought, who might be his counselor or assistant.

The sum and substance of the plan of employee-ownership is stated in one of the bank's recent bulletins. Under it, "Ultimate ownership of a controlling interest in the capital stock . . . will be acquired by the entire group of employees." It is to be accomplished in the following manner: "The bank will set aside 40 per cent of its net profits at the end of each six-months' period and to this amount will be added a sum contributed by the employee out of his salary. The total of both amounts will then be used to purchase Bank of Italy stock. Each employee will be entitled to such portion of the sum contributed by the bank as his own contribution from salary bears to the entire amount contributed by all employees.

"A limit of not less than 3 per cent nor more than 10 per cent of the employee's annual salary, plus 1 per cent additional for and during each full calendar year after the completion of the first full year of continuous employment but in no event in excess of 30 per cent, has been fixed as the amount any individual may set aside for stock purchase."

THIS summarizes the general provisions of the plan, although there are many provisos and qualifications essential to its practical application. One noteworthy feature of it is that the money set aside for it is over and above an appropriation that has been made each year in the past under an extra compensation plan for employees receiving less than six thousand a year. This plan also provides additional extra remuneration for employees who are married and have children. Subscription rights for stock under the employee-ownership plan will be based on this extra compensation as well as the straight salary received. Thus a

man who has a family will be awarded more stock in proportion to his salary than an employee receiving the same salary but without the extra compensation allowed to those who have dependents.

This is significant of one of the purposes of the stock ownership plan, virtually to provide an increase in pay. Bank workers' salaries and the salaries of office workers in general have not advanced since the war in proportion to the advance of general living costs and the wages of artisans and common labor. Partly, the employee-ownership plan was adopted simply as a way of raising salaries, Mr. Giannini informed me. Although, from time to time, the bank has made pay increases independent of this, and of the extra compensation plan. And it is not contemplated that the stock-ownership plan will necessarily take the place of pay increases in the future.

But there is this aspect to it. Not only does it virtually add to salaries the 40 per cent of the bank's net profits set aside to finance the scheme, but it will benefit employees after they become stockholders by the amount of the increase in the value of the stock. And the plan has been adopted with this expectation. It is expected that the interest and efficiency of the employees in their work will be increased and a consequent increase brought about in the bank's dividends. Naturally this will benefit other stockholders, as well. It is not necessarily the intent of the plan that the employees will eventually own all the stock, Mr. Giannini said, but simply a controlling interest.

AFTER my interview was over, and I commenced to consider Mr. Giannini's remarks, and my impressions of him, I came to this conclusion: his interest in banking has been consistent with his personality and special ability. It has been as an executive. His mind doesn't visualize banking strength as a pool of financial resources, essentially; but as an organization of banking ability. He isn't thinking primarily of the increased dividends which he fully expects to result from the employee-ownership plan, but of the increased efficiency that he expects will be brought about—and increased satisfaction with their work, on the part of the bank's officers and employees.

He talked to me not only about the employee-ownership plan, but about the plan for rotation of officers which has been put into effect. Under this plan Mr. Giannini recently resigned the presidency of the bank and all its head officials have been moved up one. James A. Bacigalupi is now president, and Mr. Giannini's control of the institution is exercised indirectly as chairman of the executive committee. It is apparent that this plan for rotation of officers is associated in Mr. Giannini's mind as part and parcel of the employee-ownership plan.

"I couldn't have built this bank by myself," Mr. Giannini told me. "It is only through the support I have received from those who have worked with me that I have been able to make headway. Now I want to make sure that these same men, who I know have the ability to carry the bank on successfully, stay in command. The plan for rotation of officers will achieve this result."

Under this plan, it might be explained, a retiring president automatically becomes a member of the executive committee. Thus eventually the time will doubtless come when the executive committee, which is chosen from the directors, and which directly controls the general policies of the bank, will be dominated by former presidents.

The Bank of Italy has a large number of depositors—500,000—more depositors than any other bank in the United States. I asked Mr. Giannini whether he considered this plan of employee-ownership adaptable to any bank.

"Any bank that earns profits two and a half or three times in excess of a normal dividend," was the reply.

"How do you think it would work out in a bank that specializes in handling large accounts," I asked him, "such as some of the large metropolitan banks?"

"I don't see why it wouldn't be applicable to any bank," Mr. Giannini stated, "provided its dividends warrant it."

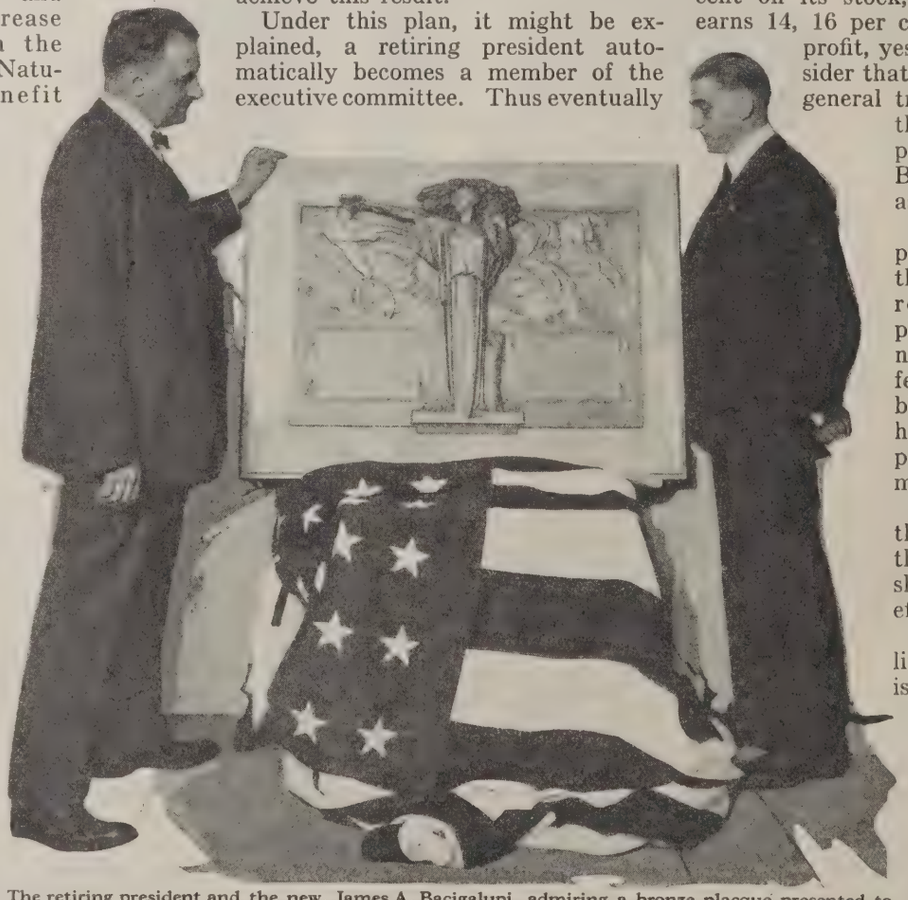
I THEN asked him his opinion concerning the plan's applicability to a small city bank or country bank. "If the dividends warrant it," he steadfastly replied. "But of course the smaller banks, as a rule," he added, "don't earn much in excess of a normal dividend. I don't think any bank should undertake such a scheme," he explained, "that earns only 7 per cent on its stock, but a bank that earns 14, 16 per cent, or higher, net profit, yes." "Do you consider that there has been any general trend in banking in the direction of this plan adopted by the Bank of Italy?" I asked him.

"Only this," he replied, "if we prove that greater efficiency results from this plan, banks that are now controlled by a few holders of large blocks of stock may have to adopt similar plans in order to meet competition."

It is no secret that he does believe this employee-ownership plan will increase efficiency.

He speaks with no little authority. He is given credit for having built the largest bank west of Chicago, in the last twenty years, principally through his insight and ability as an executive. Successful

(Continued on page 48)



The retiring president and the new, James A. Bacigalupi, admiring a bronze placque presented to Mr. Giannini, symbolizing the progress of the bank

# Why They Close Out Their Accounts

## A Questionnaire, Based on Analysis of Reasons for Closing, as a Guide to Improvement of Service in a Cleveland Bank

*By* J. K. NOVINS

TO DETERMINE whether it had any unusual number of closeouts of accounts in its fifty-three branches due to any correctible faults, the Cleveland Trust Company recently conducted a thirty-day questionnaire campaign. Happily it developed that the company was as fortunate in this respect as the average large banks with whose closeout records the bank was familiar. The investigation brought out some interesting facts, which later were utilized to improve service and stimulate the bank employees to the ideals of service.

A special questionnaire card was prepared for the purpose, listing every conceivable reason for closing an account. As a depositor closed out an account in any of the branches, the teller handed him the card with the request to check his reason. The depositor was not required to sign the card or hand it to the bank teller, but simply to deposit the card at his free will in a conveniently located box. Consequently, a greater percentage of replies were received than would ordinarily be possible. In all, 578 cards were turned in during the thirty-day period.

Special care was exercised in wording the questionnaire.

"The best of service can be improved," was the introduction to the questionnaire. "It is not easy, of course, to please everyone, but we are anxious to satisfy *all* of our customers, if possible. Consequently we are making a thirty-day study to learn how we can better our service.

"Will you be good enough to check below your reason for closing your account? Please do not hesitate to answer frankly, for you need not sign your name."

The depositor was asked to check any of the following reasons for closing out the account:

"Leaving town?"

"Leaving neighborhood?"

"Service unsatisfactory (in what respect)?"

He was then asked to name his new banking connection, if any, and to check any of the following reasons for choosing that bank:

"Did the advertising of the other bank influence you to change?"

"Was a higher rate of interest offered?"

"Was there any other special inducement?"

"Were you solicited by that bank's officers? Employees?"

"Have others of your family accounts there?"

"Other bank requiring deposit to support new loan? Old loan?"

"Location more convenient?"

"Did the recommendation of a friend cause you to change?"

"Was any special service rendered or offered?"

It is interesting to analyze the reasons checked on the 578 cards turned in. Of this number, 216 depositors stated that they withdrew accounts because they were leaving the neighborhood. However, of these 216 replies, 53 stated that they transferred their accounts to other branches of the Cleveland Trust Company, or transferred their deposits to other accounts in the same bank. The reason, "Leaving Town," was stated by 222 or 38 per cent of the depositors who closed.

Only seven out of the 578 complained of unsatisfactory service. Of this number, but three stated that the dollar charge for carrying checking accounts under $100 average monthly balance was responsible for the withdrawals. Two stated as their reasons the desire for higher interest. One depositor complained of "trouble getting checks cashed." One depositor stated, as his reason for withdrawing to another bank, "the way you figure interest."

The remaining 133 withdrawals stated the following reasons:

Fifty said they needed the money.

Four said other banks required the deposit to support loans.

Ten said they needed the money because they were out of work.

Five said they required cash to finance home building.

Twelve withdrew because they wanted to deposit in other banks.

Among the other reasons were, refusal of loan, buying a machine, disbanding of club, need for vacation money, to close estate, investing money, need of clothes, deceased and illness.

"The result," said I. I. Sperling, publicity manager of the bank, after studying the replies brought out by the investigation, "was a bird's-eye of the economic situation, a gratifying disclosure that many of our closeouts were merely transfers to other of our branches and a stimulating effect on the morale of the tellers who were put on their mettle to render better service.

"After a month's questionnaire of this sort," Mr. Sperling said, "we used the same method for collecting suggestions from customers. Many situations and services were improved as a consequence."

SUGGESTION boxes were placed in all branches, conveniently located, and the previous policy of anonymity was followed. Here are some of the suggestions submitted by Cleveland Trust Company depositors:

"Your service couldn't be better."

"Supply some pens that will write without stuttering."

"Suggest that branch deposits be made at any receiving window."

"A few chairs to sit on while waiting —persons often feel tired or sick."

"Perfectly suited—nicest branch here in the city."

"Provide a bulletin board above

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The best of service can be improved. It is not easy, of course, to please everyone, but we are anxious to satisfy *all* of our customers, if possible. Consequently we are making a thirty-day study to learn how we can better our service.

Will you be good enough to check below your reason for closing your account? Please do not hesitate to answer frankly, for you need not sign your name.

**REASON FOR CLOSING ACCOUNT**

☐ Leaving town? ☐ Leaving Neighborhood?

☐ Service unsatisfactory? (in what respect)_____

Name of new banking connection. (either local or out-of-town)_____

**Reason for choosing that bank.**

☐ Did the advertising of the other bank influence you to change? ☐ Other bank requiring deposit to support new loan? ☐ old loan? ☐

☐ Was a higher rate of interest offered?

☐ Was there any other special inducement? ☐ Location more convenient?

Were you solicited by that bank's officers? ☐ Employee? ☐ ☐ Did the recommendation of a friend cause you to change?

☐ Have others of your family accounts there? ☐ Was any special service rendered or offered?

your marble wainscot on side of wall next to the clock, for posting such posters as 'Citizens Military Camp,' etc.—a bulletin board, in other words, for notices and news of importance other than your own advertising."

"Keep payroll slips on desks."

"A letter slot in one of the two doors."

It is interesting to note in this connection that some of the suggestions had already been adopted at company's branches for some time, but seemingly some depositors were not aware of them. This is illustrated by the suggestion that branch deposits be accepted at any receiving window. This practice has long been followed by the Cleveland banking institution. In many banks there are excellent special services, and it is a question whether all depositors and prospective customers are familiar with these special services, and whether these services should not be more extensively advertised. It gave the bank a cue for some of its advertising.

Shortly after the completion of the thirty-day investigation and the receipt of suggestions, Mr. Sperling drafted the following letter, which he sent to every branch manager:

"You will be interested in the enclosed tabulation of the results of our one-month experiment with closed-out accounts. It is interesting to note that the findings confirm our belief that many of the close-outs are merely transfers to other Cleveland Trust branches. This also bears out the conviction that the Cleveland Trust Company has long had—that is, that convenience is the thing people seek in their banking.

"Another interesting sidelight is the bird's-eye view of the economic situation which these cards afford. The majority of the close-outs were caused by lack of work or covered by the statement 'need the money.'

"The most gratifying thing is the lack of criticism, except in one or two cases, and these mention 'refusal of loan.' In a great many cases people have gone out of their way to praise the service.

"These findings are all interesting but even if they led us to no conclusions, the experiment has had the moral effect of stimulating the ideal of service throughout the organization."

# Four Epochs in Colorado—An Anniversary Theme

*By* JOHN T. BARTLETT

A DENVER bank getting ready to celebrate its twentieth anniversary cast about for an advertising method distinct from the customary anniversary booklet. This bank—the United States National of Denver—had no display windows, so anniversary advertising through that medium was out of the question.

The bank did possess, however, a spacious and beautiful lobby. The final advertising decision was to stage here a series of exhibits depicting the history of Colorado. The idea was novel. Whether or not people could be induced to walk into the bank to view the display, in sufficient numbers to justify the advertising idea, remained to be determined. Of course, if they would enter, right there would be a mighty valuable feature of the method of advertising.

When the first exhibit was announced, visitors flocked in such numbers, the number increasing from day to day, that bank literature stacked on a table in front of the display booth just melted away, for all that there was no fewer than seven different pieces. It was soon apparent that even the storeroom supply of publicity matter would be exhausted within two weeks.

"Prehistoric Animals in Colorado," the initial display, made a hit. How authentic educators regarded it and the piece of descriptive matter written by Allan Herrick, advertising manager, may be gathered from the fact that numerous bodies of students, including two junior high schools, made special visits to the bank.

Showmanship was much in evidence in the preparation of this display, and its success demonstrated a first principle of showmanship—namely, that "going over" occurs when visitors talk so glowingly to their friends that the friends visit—and tell their friends.

"Prehistoric Animals," showed a marshy vista much like many to be seen in modern days in the Everglades of Florida. There were palm trees, rank vegetation, a tiny lake—and a giant prehistoric animal—name not given. Realism was thrown over the whole through very clever lighting effects. Visitors actually felt themselves looking at the *real* prehistoric Colorado.

The display booth or stage, was erected in the center of the bank's lobby over the central check desk. The floor and framework of the booth were wood; all other parts were beaverboard. Two special electric cables were brought direct from the bank's fuse box, entering the booth through a ventilator outlet under the check stand. Concealed on either side of the booth interior were 1000-watt stage lights. There were three batteries of footlights, one in front, one in the middle, and the third at the back of the "stage."

THE side lights were amber, a color selected to conceal inevitable defects of workmanship which a white light would disclose. The front footlights were blue, the back lights pink. The pink lights perhaps did the most to create illusion. They threw a very realistic and lurid glow on the lake in the background. The front blue lights contrasted with them, and gave a glow to the foreground.



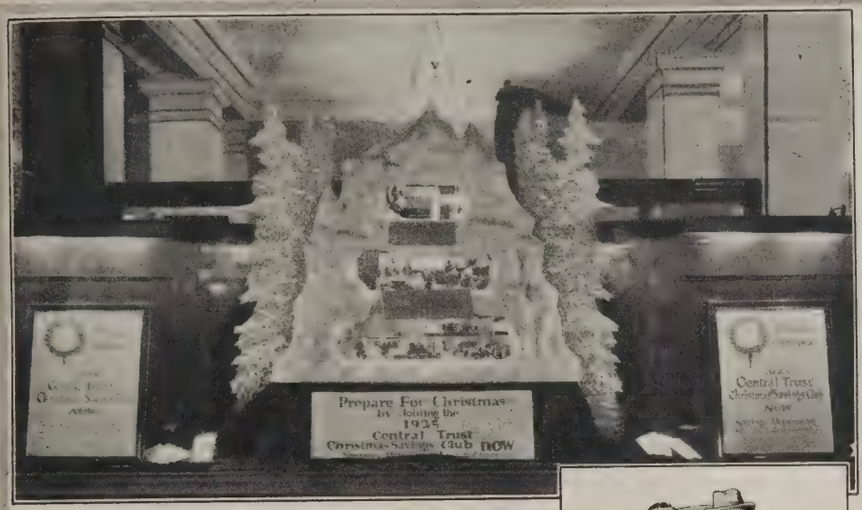

Finally, there was gauze across the entire front of the booth. It was purple and practically invisible.

At the front of the "stage," at floor level, a large card gave the caption.

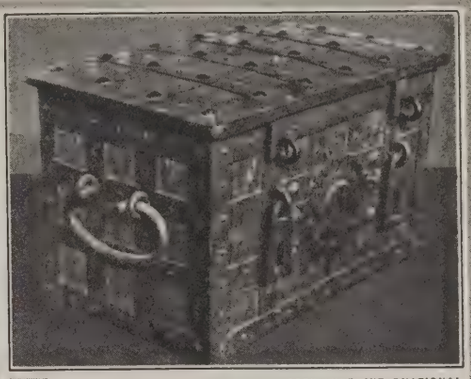
"PREHISTORIC COLORADO. In dim, prehistoric days great marshy swamps and tropical vegetation covered Colorado. Here lived strange sea and land animals whose bones now lie buried deep beneath the rocks of later periods. Our oil wells are today tapping

(Continued on page 37)

# With the Camera




An electrically operated window display promoted the 1925 Christmas Club of the Central Trust Company of Illinois in Chicago. All the small figures in the display were in motion



COPYRIGHT, INTERNATIONAL

This iron strongbox, one of the prized possessions of the Pennsylvania Historical Society, was built for Robert Morris, of Philadelphia, one of America's first financiers, during the American Revolution. The society recently celebrated its 100th anniversary

On the right: Another Christmas Club idea used by the Cleveland Trust Company—a "Shop Early" poster accepted and placed in their store windows by neighborhood merchants co-operating with all the bank's branches




Below: Andrew W. Mellon, Secretary of the Treasury, honors the memory of Alexander Hamilton, first Secretary of the Treasury, by placing a wreath on his monument in Washington on the occasion of the 168th anniversary of his birth



Left: Try this on your tall building next year—illuminated windows fashioning the design of the tree while the rest of the house stays dark at the First Wisconsin National Bank, Milwaukee. The row of Christmas trees along the river front were kept trimmed and lighted for three weeks



Below: The Administrative Committee of the American Bankers Association, headed by William E. Knox, president, pays its respects to President Coolidge. The committee also called on various Treasury and Federal Reserve Board officials and the chairman of congressional banking and currency committees



# A New Home for a New Working Plan

## A Boston Bank Builds Its New Building Around the Unit System of Operation Adapted to Meet Needs Peculiar to New England

*By* GEORGE W. GRAY

WHEN the First National Bank of Boston moved last September it not only changed to a new building that has become in New England a sort of norm or standard of all that a modern business building should be, but it changed to a new system of handling banking routine that has proved a time-saver as well as a good will builder.

An unusual test of this new unit system came on November 1. This happened to fall on Saturday, and thus combined in one the end of the week, the first of the month, pay day, and a short banking day. Under former conditions in the old building on Federal Street, it was a rare Saturday when there was not a jam, with ten to fifteen people lined up at each teller's window most of the morning.

But in the new building, on Saturday, November 1, 1924, though customers came in at the rate of one every five seconds, 2,161 persons within the three hours, their business was dispatched so quickly that there was no sign of congestion or delay. About 2,000 of these callers made for the receiving-paying tellers' windows but at no time during the forenoon were there more than five people in line at any one window, and the average was much lower. It was a record three-hour day, and furnished a peak test of the new system.

This system is a modification of the customary unit system, adapted to meet the particular needs of this bank. Boston is the clearing house for all New England, and the largest bank in Boston is naturally called upon to look after a fairly big slice of this business. The banks in Boston have not only an unusual volume of clearings of New England checks, but also a larger volume of coupons, on the average, than the banks in other cities.

It was, therefore, not practicable to pick up a unit system ready made, though First National representatives visited New York and Chicago, and investigated various applications of the unit system in those cities. As a result they were able to build a system that would fit perfectly into Boston conditions. This arrangement divides the tellers' windows into eight units, and distributes among these units the 22,306 accounts of Main Office depositors. Each unit is a complete bank, consisting of three windows at which each teller is empowered both to receive deposits and to pay checks, two proving clerks, five bookkeepers, three statement clerks, and the unit head. At present only two tellers are assigned to a unit, making the total staff of each thirteen; but there is a floating force to assist in rush periods, and generally on Saturdays all three windows of each unit are busy.

Individual accounts are distributed among seven of the units according to an alphabetical arrangement as follows:

| | | | |
|---|---|---|---|
| Unit 1 | all depositors from | A to | BT |
| Unit 2 | all depositors from | BU to | D |
| Unit 3 | all depositors from | E to | HA |
| Unit 4 | all depositors from | HE to | LO |
| Unit 5 | all depositors from | LU to | PA |
| Unit 6 | all depositors from | PE to | SP |
| Unit 7 | all depositors from | SQ to | Z |

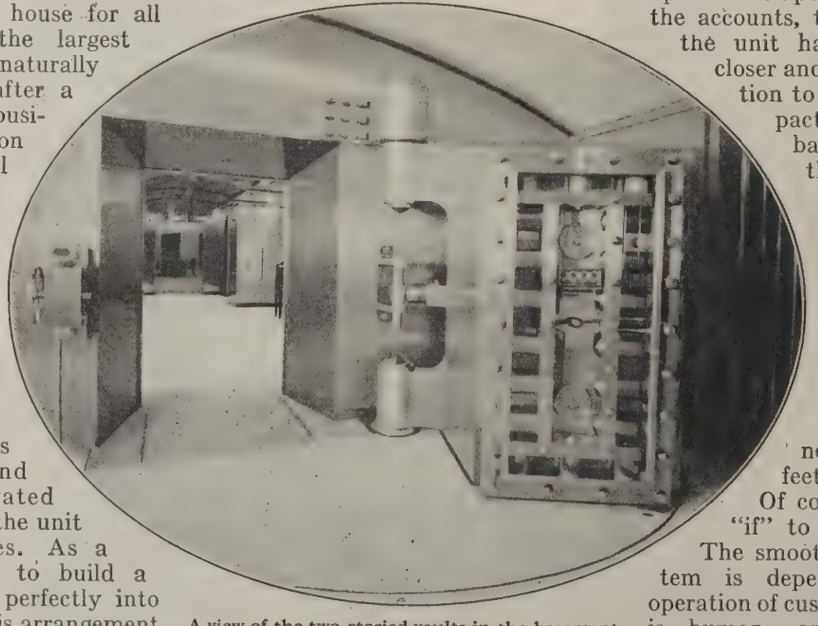
Unit 8 is a special unit designed to care for brokers' accounts, and accounts of cities and towns. It will also handle deposits and checks for account of city branches and correspondents, and in addition will make all certifications.

A distinctive feature of the Boston unit system is the inclusion of bookkeeping operations in each unit. In many banks where paying and receiving functions have been unified, the bookkeeping functions have been kept separate and concentrated in a separate unit serving all the others. It has been argued that to keep books individually for each unit and within each unit would not prove economical.

But the management of the First National in Boston felt that it was right there, in the bookkeeping organization and activities, that much of the congestion originated. In the old bank the bookkeeping department was up on the fifth floor, Every item had to go from the tellers down on the street floor up to the fourth floor to be proved, and, after proving, to the fifth floor to be entered on the books. Not only did every item have to travel these long distances, but the very volume of records and operations made quick proving and entry difficult. A credit might be at any one of dozens of places in the room, and the average time consumed per item was considerable.

Every big city bank knows what this problem is, for it is fairly universal.

THE way the Boston bank has got around it is by eliminating these long distances and bringing the bookkeeping and all other routine operations downstairs in close proximity to the tellers. Each unit is complete in the fullest sense of the term, combining in one grouping all the functions—receiving, paying, proving, bookkeeping. Specialized upon a selected number of the accounts, the entire personnel of the unit has been able to give closer and more individual attention to each depositor. Compact within a small space back of the tellers' wickets, the system has largely eliminated waste motion. Items no longer have to travel upstairs, nor very far on the same floor. If a customer comes to the right window with his deposit, his credit travels in a straight line for a few feet—never more than thirty feet, and usually much less. Of course, there is a certain "if" to this, hinted at above. The smooth working of the system is dependent upon the cooperation of customers. Human nature is human, and that means that



A view of the two-storied vaults in the basement

individuals can't be standardized. Some will rush up to the first free window, irrespective of their alphabetical arrangement. The bank has instructed all tellers to serve any customer who comes, but as it takes longer to get service at an odd window than at the one assigned to him, a customer who is not co-operating with the system soon finds it to his interest to do so. Tellers are proficient in the ways of suggesting this tactfully to clients. During the first week or two it was necessary to offer these suggestions frequently, but now most depositors have become educated to the system and appreciate it as a time saver.

WHEN an item comes to one window that belongs to another, it is sent up to the general settlement department on the second floor. This department clears it back to the proper unit. Such a transaction not only involves a longer journey in this clearing and transfer between the two units, but requires also three listings of the item as compared with two listings when the entire transaction is handled within the one unit.

This general settlement department on the second floor handles incoming clearings, outgoing clearings, mail deposits and all transit matters, in addition to being a central clearing house for all units and for the nine branches of the bank.

One wholesome outcome of the installation of the unit system here is the praise it has received from the tellers and other employees. The men like the new organization of work, and have been quick to say so and to show their attitude by their hearty co-operation.

It was necessary at first to do some training. Men who before had been machine operatives had to be trained to this new idea of working in a small unit. Three or four of the more experienced tellers, who were thoroughly steeped in the workings of the new system, spent much of their first week in the new building as coaches, steering the other man into the new ways. But the staff caught on quickly. A week of coaching was all that was necessary. Within a couple of weeks the new system was functioning perfectly, every man working not only intelligently but with a new and vital interest in his work.

As one of the executive staff explained, the very fact that each unit is a compact whole, gives every employee in the unit a close contact with the banking processes and a sense of his own place in these processes. He is no longer a mechanical cog in a big organization. His work acquires meaning, significance. He knows where each item of the business originates, and where it goes. He knows he has to settle up each night, and is naturally interested in doing his work right.



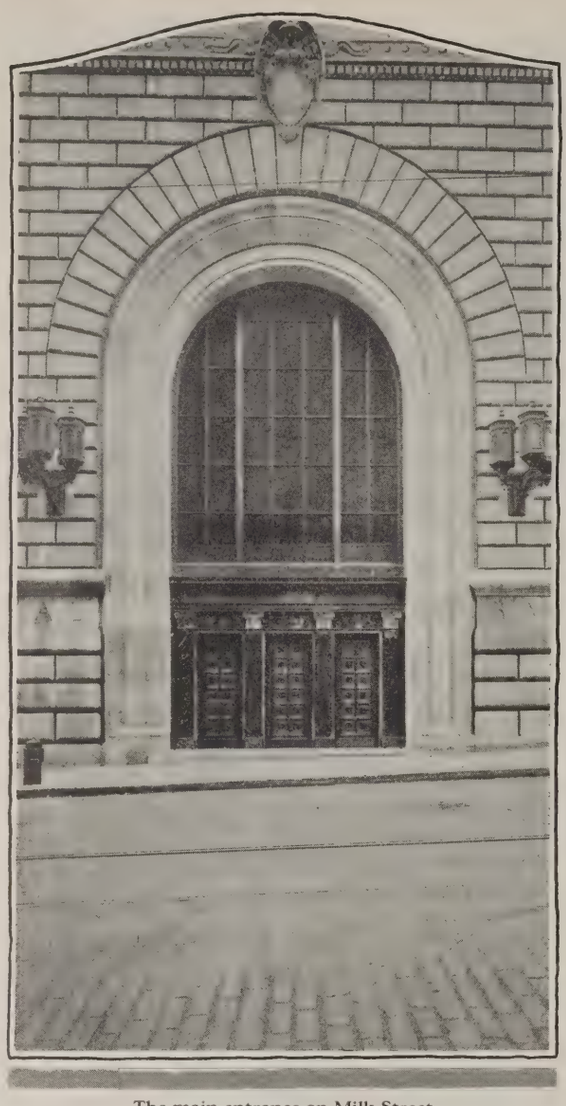
Upper right—The entrance to the offices. Above—A long Arcade, vaulted like the nave of a Romanesque church, flanked by tellers' windows built in. Right—The customers' lobby, quiet, like a recess, and comfortable, provided with desks, tables, and writing materials

I asked this executive if the combining of receiving and paying functions in one teller had any effect on his efficiency. A banker in New York had criticized the combination of receiving and paying, saying that it slowed up the work of the teller and introduced more chances for mistakes than the specialized job.

THE executive answered that this was far from the case in their experience. Giving the teller both functions put him on his mettle, made his work less mechanical, more interesting, made him more alert and quick-witted. The records plainly show that customers are more quickly served under the present arrangement than they were before—though of course this is a result of the system as a whole and not of any one feature.

But with a smaller clientele to serve, each teller can become personally acquainted with his customers, and add to his routine service a personal touch that is impossible where thousands of depositors come to the same windows indiscriminately.

The whole effect of the new system upon the bank's personnel has been most wholesome. Those who regarded themselves as mere routine workers under the old arrangement,



The main entrance on Milk Street

find in the unit system an opportunity for individual ambition and effort. The system makes it possible to compare results and reward individual proficiency. Each unit's work is checked up daily. There is a lot of competition among the units, and naturally a very close co-operation among the men within a unit. The last unit to finish each day has to stand for a good bit of friendly raillery, and you can guess that there is some lively hustling to escape that unwelcome distinction.

The unit system reflects the purpose of the bank to give an intimate quality to its service to customers. In fact, the new building in its design, layout, and equipment has the same objective —to afford the customer the intimate personal contact usually experienced in a small bank, at the same time providing the many facilities which only a large bank can furnish.

You come into the building from the main entrance on Milk Street. The main banking floor is half a flight up. The trust department is on the floor below, half a flight down. The savings department is also on this lower floor. The vault is a two-story affair in the basement. Altogether the bank occupies four floors and the basement. The eight upper floors are rented to outsiders for business offices.

THE distinctive feature of the building, from the standpoint of banking, is the main floor. You come up the short stairs from the entrance and find yourself in a great high-ceilinged room. Straight ahead of you it opens into a long arcade, vaulted like the nave of a Romanesque church. On either side of you the high room extends to the outer walls which are lighted by great arched windows glazed with cathedral glass. And back of you, over the entrance, is another vaulted space, in height and width the same as the arcade, but much more shallow. It has the appearance of an apse or recess, and is a quiet place apart reserved as a customers' lobby, provided with desks, tables, chairs, and writing materials.

Officers' desks are dotted about the floor of the high-ceilinged room. All of the officers except the president are out here in the open, easy of access to any customer. The wall spaces in this immense room, which is 100 feet long, 46 feet wide, and 45 feet from floor to ceiling, are decorated with four mural paintings by N. C. Wyeth—wonderfully colorful pictures of ships, and representing their evolution from the Phoenician galley to the modern tramp steamer.

The arcade is only 28 feet wide, and at first glance one might mistake it for the lobby of an office building. But walk down it and you find instead of elevators a series of grilled windows, and behind the windows, tellers, clerks, bookkeepers, desks, ledger safes, all the paraphernalia of a banking office. These are the units.

There are no projecting counter-screens — simply these arched and bronze-barred windows cut into the stone walls. Undoubtedly one of the elements in the success of the unit system here is the physical layout. There is the greatest possible co-ordination of functions with a resulting compactness and economy of space. The public quarters are centered and reached by entrances at either end of the arcade. Placed on each side of this public lobby are the office quarters of the units, with plenty of window light, and in close proximity to the officers and the clerical departments.

Over the unit quarters are two mezzanine floors on each side of the arcade—an arrangement for utilization of space for office purposes without in any way skimping it for public.

The proof of the efficiency of this equipment and organization is that it works. The record I have cited—that of November 1, 1924—is by no means an isolated case. Day after day the routine of the bank has gone forward without congestion or friction. Overtime, which used to be habitual in many departments, has been cut to a minimum. And customers are having demonstrated to them that a large city bank can be human and friendly as well as modern and efficient.

# Ideas and Holidays in Houston

THE banks in Houston, Texas, have found that they can safely and profitably employ loanable funds in handling automobile paper. Practically all the banks in the city make a feature of this class of business. In several cases, they have special windows at which the automobile purchasers make payments.

The contracts are discounted and guaranteed by the dealers. In some cases brokerage plus interest is charged; and in other cases straight interest alone. The accounting for the payments is simplified so as to keep down the cost of handling. A control is kept of the total that is under discount by each dealer. If any payment goes four days past due, the paper is charged back to the dealer.

THE South Texas Commercial National Bank of Houston, Texas, submits to each officer the carbon copies of all letters written from the bank the previous day. In this manner, every officer is kept in touch with what is being done by the other members of the official family, and there is an opportunity for constructive criticism whenever the system discloses that letters are not clear or do not reflect the bank's policy.

THE official family of the South Texas Commercial National Bank dedicates one or two holidays a year to the service of the bank. On these holidays they assemble to give uninterrupted attention to a review of the loans and lines of credit being extended.

# Notable in the Run of Advertising

## A Tabloid Review of Some of the Best in the Month's Grist of Newspaper Advertisements and Booklets for the Banks

*By* T. D. MACGREGOR
9 Hanover Street, New York City

ON ACCOUNT of the increasing competition among banks there is a growing rivalry in bank advertising. I mean banks seem to be vying with one another in the effort to produce strong and unusual advertisements. It is a healthy competition and I believe the results are beneficial for all concerned.

Four particularly striking advertisements are reproduced—those of the Detroit Trust Company, the Dexter Horton National Bank of Seattle, the Manufacturers National Bank of Troy and the Fidelity Trust Company of Baltimore.

Space limitations prevent showing more advertisements but perhaps verbal descriptions will suffice.

An advertisement of the Fidelity Trust Company of Buffalo asks "Do you carry all the insurance you should?" and gives strong arguments for life insurance. The only tie-up with the trust company is a line at the bottom reading "Trustee your insurance—either with an insurance company or a trust company."

"The Bank Behind the Bale" is the title of an advertisement of the Murchison National Bank, Wilmington, N. C. The illustration is a bale of cotton with the bank's building as a background, and is appropriate in view of the Murchison's long experience in financing cotton.

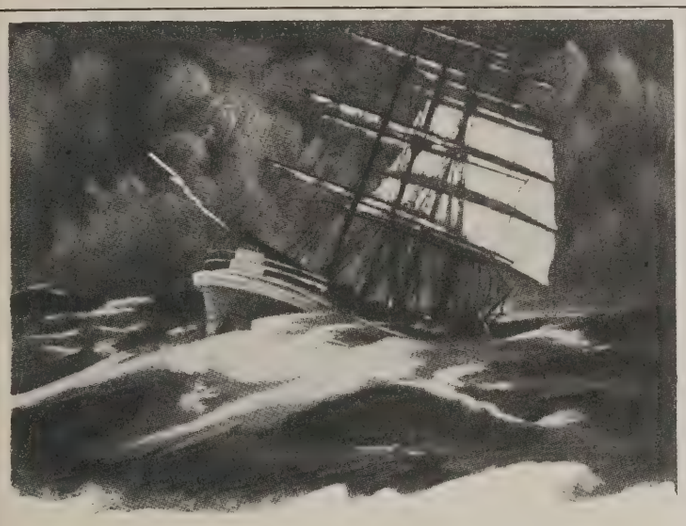
The element of timeliness is featured by many bank advertisers. Two women bank ad writers who have recently sent me good examples are Miss Minnie A. Buzbee of the Hennepin County Savings Bank, Minneapolis, and Mrs. George D. Urquhart for the Virginia Trust Company of Richmond, Va.

A "Blue Sky Anthology" is a splendid parody on the "Spoon River Anthology." It was written by Sam P. Judd, publicity manager of the Mercantile Trust Company, St. Louis, and appeared in a five-column advertisement of that institution. It should save lots of money for unwary investors.

Florida cities and Florida banks are becoming good advertisers and they certainly have something to advertise.

To call the attention of northern capitalists to the fact that Florida now prohibits state income and inheritance taxes, the Florida National Bank of Jacksonville published a good-sized advertisement to that effect in leading northern newspapers shortly after the tax amendment to the Florida constitution was passed.

The First National Bank of Tampa occasionally publishes advertisements about local industries. A recent one



"Any Port In A Storm" For Your Family?

IN times of stress ships are frequently forced to put in at the nearest port. It may not be the best port, the safest port, the port of destination. Yet rather than face the dangers of the open sea the ship must find a refuge.

In like manner many families, bereft of the protection of a Will or the guidance of an experienced Executor and Trustee, are forced to seek safety in the first refuge that comes to hand. Litigation, mismanagement and unwise investments often wreck the fortunes thus handled.

If you do not want to expose your family to such dangers you should have your lawyer write your Will, and name this conservative institution as your Executor and Trustee.

DETROIT TRUST COMPANY

Opposite Post Office, Detroit, Mich. Capital and Surplus $5,000,000

*Safe deposit boxes for rent, $4.00 a year and up* *Detroit Trust Safe Deposit Company*




An attention-compeller and an opening of a new banking home

MORE THAN 34,000 DEPOSITORS

Ancient *and* Modern Troy

Ancient Troy is famous chiefly because of its poetic story as told by Homer and Virgil.

Modern Troy is known far and wide as a city of diversified industries, but especially for the fact that it manufactures ninety per cent. of all the collars made in the United States.



*Excavations on the site of Ancient Troy*

*Reproduced from Webster's Ancient History by special permission of D. C. Heath & Company. All rights reserved.*

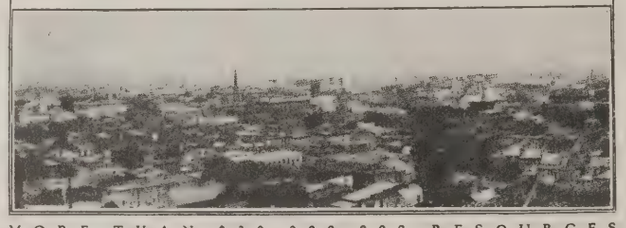
The Manufacturers National Bank, true to its name, co-operates with local manufacturers and strives continually to spread abroad the fair name of our city.

THE MANUFACTURERS NATIONAL BANK OF TROY

MAIN OFFICE Franklin Square

PEOPLES OFFICE 604 Second Avenue

*"Organized to Serve the People"*



MORE THAN $30,000,000 RESOURCES




—and the playground was assured

The depositor was in a hurry. He was the treasurer of a charitable organization whose finances were handled by the Fidelity. The organization needed immediate funds in order to purchase a piece of real estate.

"You can have the money," said the officer after reviewing the proposal. "Your bonds are ample security."

It had taken just seven minutes to assure a playground which will bring happiness to scores of children.

*Open a Bank Account at the Fidelity*

These advertisements suggest the wide variety of customers' financial problems which often come before a Fidelity officer in a single hour. You, also, can receive prompt, experienced attention to your own banking, trust and investment affairs at the Fidelity Trust Co.

FIDELITY TRUST COMPANY

Charles and Lexington Streets

**Out-of-the-ordinary bank advertising**

headed "Florida Fertility the World Around" read:

It is interesting to speculate upon the vast aggregate of increased soil fertility around the world which results from Florida's great phosphate industry and Tampa's active work in distributing the product.

Florida produces more phosphate than all the other states together. Tampa ships more phosphate than any other port in the world.

The First National Bank has been privileged to co-operate in the development of this business as it has in the case of many others since its establishment here more than a generation ago. It would be glad of the opportunity to co-operate with you.

The cartoon idea is used once in a while by the Bankers Trust Company of Knoxville, Tenn. A recent one with the rather unconventional heading "59,269 Cuss Words!" appeared Saturday afternoon and had rented eleven safe deposit boxes by noon Monday.

The day after election the Franklin Trust Company, Philadelphia, ran an ad illustrated by the picture of a big steam whistle going off full blast. The message was:

"NOW THEN—ALL TOGETHER!"

Yesterday the voters of America settled the question as to the national administration at Washington for the next four years.

Business and industry can now proceed with the work at hand and there is plenty of it to do.

Philadelphia, "The World's Greatest Workshop," boasts 50 miles of smokestacks.

No other city in America holds greater promise for the future than our own.

The Franklin Trust Company stands ready now as it has in the past, to co-operate 100 per cent with Philadelphia's forward-looking upbuilders—stands ready to serve the best interests of the community whenever and wherever possible.

We are ready to help make a great Philadelphia even greater.

Worth-while bank booklets and other printed matter that have recently come to my attention include:

"Turning the Pages of History" a booklet reproducing a series of historical advertisements compiled and written by Thomas D. Mays for the Security Bank & Trust Company of Charleston, W. Va.

"Southwest Washington — Yesterday and Today," a superb brochure put out by the American Security and Trust Company upon the opening of its new Southwest Branch building.

"Industries that are Making Stamford Famous," a series of advertisements published by the First Stamford National Bank, Stamford, Conn., giving valuable information concerning local industries.

"Bank Where You Work," a booklet put out by the Seamen's Bank for Savings, New York City, to describe its method of conducting savings clubs for employees of various business houses and organizations.

When the Security Trust Company of Detroit, announced the formal opening of its new building February 2 in the Sunday newspapers of February 1, most of the other banks in Detroit bought large display space on the same day to congratulate the Security on its progress and the achievement of its handsome new home for further well-deserved expansion of its service and business. This is a manifestation of the kind of good will among competitors in the same town that is commendable and enduring.

Within recent years the outward appearance of Detroit's financial center has enjoyed many notable changes and improvements. On the corner, adjoining the Security's building on Griswold Street, the First State Bank is completing a new home that will be opened soon.

# Liked by the men and women who use it




**The PROTECTOGRAPH guards** the amount line, the heart of the check, at which the forger strikes first; for with indelible ink it shreds the amount in two colors into the very fibre of the paper. It eliminates all possibility of raising the amount by "pen changing"—the clever method that does not need erasures. The work of the Protectograph is speedy and neat.

THE attitude of the office force toward an office appliance is, quite sensibly, being considered by business executives today. Besides doing thoroughly the job for which it is intended, an office appliance should operate so smoothly, so accurately, and so speedily that to use it is a pleasure!

Which explains the wide acceptance of the Todd Protectograph among the country's leading business houses today!

The Protectograph gives unquestioned check protection because it shreds the amount in two colors into the very fibre of the paper.

And, in addition, certain models write two words at a time! They concentrate long amounts in a short line! The speed and ease of operation of the Protectograph cut down the time consumed in writing checks—represent an actual saving in dollars and cents in office routine.

Protection *plus* speed—nowhere can you find them more efficiently joined than in the Protectograph!

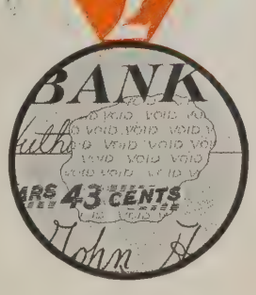
Write on your letterhead for detailed information on the Todd System of Check Protection. Todd Protectograph Co., Inc., 1186 University Ave., Rochester, N. Y.

1



*The Protectograph,* it is estimated, eliminates at least one-third of all check frauds by preventing *raised amounts.* The Protectograph is made in a variety of standard models, one for every type of business, priced from $37.50 up.

2




*Todd Checks,* with their patented self-cancelling features, eliminate another one-third of possible check losses by preventing *change of payee's name, date* and *number* and "*counterfeiting.*" Todd checks are designed for business and personal use. They are reasonable in price—even in small quantities.

3



*Standard Forgery Bonds* cover the remaining check-fraud possibilities, namely, *forgery of signature* and *forgery of endorsement.* Qualified Todd users receive standard policies at the most advantageous discounts.

# TODD SYSTEM OF CHECK PROTECTION

Ts

# Fewer Business Failu

When a man applies for life insurance a physician ex his body. If he is a "good risk" he is accepted. P with a recommendation as to diet and exercise.

A customer applies for a business loan. You as a r banker examine not only his financial statement, bu his methods of business management. You questi organization, and his methods of production and sales.

You know where weakness means danger. Given th you can usually tell if any part of a business needs revi management. But are your customers always prepa answer your questions? Do they always know the cont facts in their own business problems? Urge them to regis the Kardex Institute reports on business management m

Kardex Institute is an organization of business specialists for research and educational work on business management. Its aim is to minimize the risks of business. By endowment it is free from the necessity of financial return.

The executive board of Kardex Institute, a $100,000 group of experts in business management, draws business ideas and experiences from the entire world through the Kardex organization of a thousand people.

Monthly reports on business conditions and management methods are published. Members of the Institute staff assist those registered in the solution of individual problems.

This is a service of the greatest value to the banker and his customer. It is removing the cause of business failures. The registration fee is the nominal sum of $10.00 yearly.

KARDEX INSTITUTE

*Devoted Exclusively to Business Education and Research*

605 Kardex Building, 10 East 44th St., New York City

LONDON - PARIS - BERLIN - TORONTO






© 1925
The Kardex Co.

*√ Ledger Paper √ Ledger Paper*
*√ Ledger Paper √ Ledger Paper*
*√ Ledger Paper*

"LEADERS IN LEDGER PAPERS"

# BYRON WESTON COMPANY

DALTON, MASS.

COOK COUNTY, ILL., one of the largest counties in the United States, after most exhaustive chemical and physical tests of various makes of record paper, adopted Byron Weston Co's Linen Record exclusively for all permanent county records made by the photographic process. They also use the paper unsensitized in many of their bound and loose leaf records.

This competitive test was conducted by Judges of the Circuit and Superior Courts, and Members of the Board of Cook County Commissioners, assisted by leading chemists of the country.



## APPEALS TO THE THRIFT SENSE




The Nutry & Cook Horse Shoe Pocket Savings Bank makes saving easy. It is the most successful home bank in America.

The bank has a capacity for nickels, dimes, quarters and gold pieces. It is light, compact and durable. Your bank's name on the reverse side.

It is just the right sort of savings bank to bring in new accounts.

*Write for Prices and Samples Today*

**NUTRY & COOK MFG. CO.**
**201 COOK STREET BROOKLYN, N. Y.**




## By Ford and Pullman Coast to Coast

(Continued from page 7)

which would be the better job in the banking game, being a bookkeeper in New Orleans or chairman of the board some place else. From the personal angle, there are a good many advantages in favor of the New Orleans proposition.

Another feature seldom found outside of New Orleans, is the practice, on checking accounts, of printing the pick-up balance on a tally sheet. The machine then jumps to the ledger sheet and is so arranged that it does not clear when it prints the new balance, but keeps the amount in the machine and shuttles back to the tally roll where the new balance is printed alongside the old. At the end of the day, the bookkeeper runs the old and the new balance figures, copying the tally roll, and the difference must agree with the difference between the debits and credits charged to his ledger.

New Orleans has another method which is not in general use elsewhere. All out-of-town checks are deposited on a deposit ticket separate from that used for cash and local items. Thus, a business house usually would have two deposits for the day. The out-of-town ticket, as there is no cash on it, with its accompanying items can be forwarded directly through the cage without record to the analysis department.

Cotton trading and the large foreign exchange transactions that follow therefrom, also impart to banking in New Orleans an atmosphere that is distinctive; just as the large French population of the city, from the earliest days of American history, has influenced architecture and customs and made of New Orleans one of the few American cities of real individuality.

There has been a feeling among bankers that the labor banks will serve a good purpose in helping to adjust the differences between labor and capital by giving each an insight into the difficulties on the other side. I had an opportunity, in a few minutes' chat with the manager of one of the newer labor banks in the Pacific Southwest, to see how this sort of educational leaven is working.

Times had not been particularly good in the community since the bank was started, livestock prices still being too low for profit. No dividends were immediately in sight, as is often the case with any new business. But the cashier was having to educate and re-educate his stockholders as to why there were not greater profits in the banking business. Then some that wanted to sell had not been able to find a market at the price they had paid, though if they were willing to wait, the proposition promised to work

out. But this served as more education. And finally there was the stockholder who had to be educated as to why he was not entitled to a loan on his open note. These problems were not so different from those most new banks have to face, but a large class, now learning them for the first time, perhaps would not otherwise have had the opportunity to learn so forcibly that capital also has its troubles.

*The Home of the Unit System*

Arriving at Los Angeles, we reach the source of the unit system—if the unit system may be said to have had a source. Here, if your name is Brown, you go to the B section where you may deposit to your checking account, cash a check, or receive your monthly statement. The bookkeeping is done directly behind the teller's wicket and the signature cards are at hand. The advantages claimed for this method are that it affords the simplicity of the country bank and it enables the tellers to become acquainted with their particular group of customers. The idea has now spread to many other parts of the country and with some modifications is becoming one of the most widely used methods.

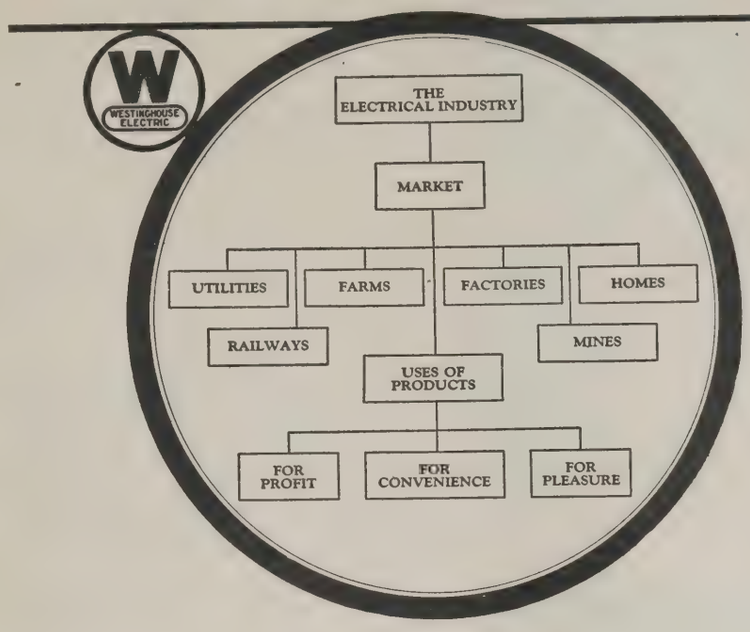
The unit idea is carried out in the savings department also, the customers being divided alphabetically. The actual filing of the cards is numerical within the alphabetic division. Thus the "A to K" section has all the accounts starting with these letters, but in the filing there may be many breaks in numbers due to transfer of customers' cards in other alphabetical divisions of the same section. It is necessary to have both the name and the number to locate a card, but this seldom causes inconvenience. In other parts of the country where the unit idea is used for savings, the division is numerical. Some groundwork has also been laid in Los Angeles toward handling both commercial and savings accounts in the same unit, and the idea is being carried out in some of the smaller California cities.

Los Angeles is also the origin of the first bank auditors' organization to develop state-wide proportions and is taking an active part in the formation of a national group which, it is expected, will play an important part in bringing better and safer banking systems into use.

There is one nice thing about banking in Southern California: you can claim great virtue for your institution. It either is part of a branch banking system or is absolutely not part of any branch banking system. The proponents on either side are apparently equally enthusiastic.

Volumes might be written, of course, of banking in different cities. Of Pittsburgh and the Mellon group of

ECONOMIC TRENDS IN THE ELECTRICAL INDUSTRY




Diversification Gives Stability

The markets for the products of the electrical industry are diversified; power equipment and transmission equipment are used by public utilities and by electric and steam railways; motors and machine equipment by industries and mines; incandescent lamps and household appliances by individual home owners; light and power equipment by the farmer.

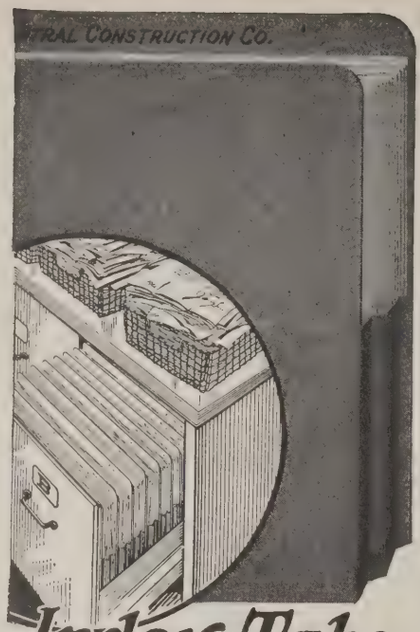
Electrical products are used for business purposes, for personal convenience, and (as in the case of radio) for entertainment and personal improvement. This diversification of users and uses gives stability to the industry, freeing it from sharp reactions to fluctuations of the business cycle.

WESTINGHOUSE ELECTRIC & MANUFACTURING CO.
EAST PITTSBURGH, PA.

Westinghouse

Notable Westinghouse contributions themselves reflect diversification.
Westinghouse introduced the Alternating Current System into America.
Westinghouse marketed the first successful single reduction railway motor.
Westinghouse apparatus was the first to harness Niagara.
Westinghouse instituted radio broadcasting on a regular daily schedule.

*In writing to advertisers please mention The Burroughs Clearing House*




Index Tabs Always Visible

The index tabs of a completely-filled **Vertex File Pocket** are just as visible as those of pockets that contain but a few letters. This efficiency of operation under all conditions is true of all the other distinctive construction features found in

Vertex
VERTICAL-EXPANDING
FILE POCKETS

They always stand upright in the filing cabinet, permitting quicker filing and finding. Their expansion feature allows the efficient accommodation of three, thirty or three hundred letters, eliminating frequent transfer of contents. The front flap bends forward at will, allowing easy reference to any desired sheet.

**VERTEX Pockets** are made of "Paperoid", that tough red rope-stock that will outlast twenty manila folders.

**VERTEX Pockets can be used in any filing system. Send today for your FREE trial sample.**

**ALVAH BUSHNELL CO., Dept. C**
*Durable Filing Containers*
**933 Filbert St., Philadelphia, Pa.**

CUT HERE

Please send for examination and trial a free sample of BUSHNELL'S "VERTEX" Paperoid File Pocket, as described in March BURROUGHS CLEARING HOUSE.

Name of Firm _____

Address _____

Name of Person Inquiring _____

Letter size or Legal size desired? _____

If special size is required, send sample of sheet to be filed, and give width and height of drawer

To Alvah Bushnell Co., Dept. C.
933 Filbert Street Philadelphia, Pa.

banks; of Omaha and the problems that came with agricultural deflation, of San Francisco where a couple of bank presidents dining together means a story of a new consolidation. But space permits only a few highlights—and the observation that bank men are, practically without exception, genuine gentlemen with a fraternal feeling towards one of their own trade. Everywhere they are willing to give liberally of their own time and to disclose records, methods, and figures.

Once or twice occasions have arisen when I wished that there might be some truth in the tradition that all bank people are wealthy. Once in an eastern bank the president, with the most hospitable intentions, was advising me about the roads ahead.

"Now this town," and he pointed at the map, "is a speed trap. They will get you sure if you do not keep down to twenty miles an hour. But when you get here, you can let her slip along at a fifty or sixty mile rate. By the way, what car are you driving?"

Followed a moment of heavy silence. "A Ford," I confessed, and the conversation just died a natural death.

# Bank Guideposts to Prosperity

*By* F. W. HOLMES

"Come, choose your road, and away, my lad,
Come, choose your road, and away!"

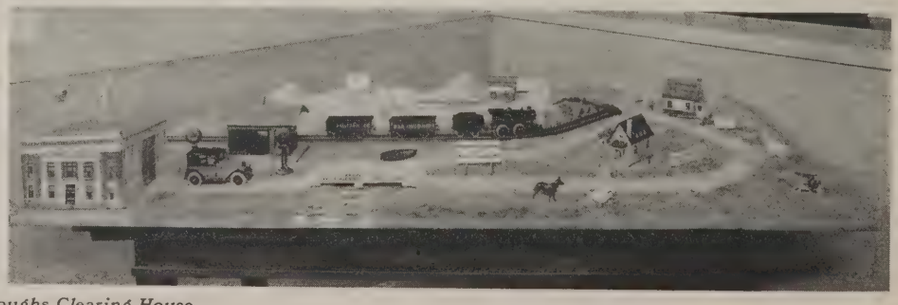
IN HIS "Call of the Spring" Alfred Noyes invites us all out on the road to adventure. Whether we find that adventure in the actual breaking away from the daily task, or in an even keener application to our endeavors, there stretches before every one of us a way which we all would take if we could—the Road to Prosperity. No one can guide us all the way to the desired destination, but, in the little scene a picture of which accompanies this article, the Bank of Montclair (New Jersey) has presented the attractions of the road in a graphic and thoroughly delightful way.

The miniature landscape arranged on a board 4′ x 6′ was originally constructed for display in the Bank of Montclair's booth at the Business Show recently given under the auspices of the Montclair Chamber of Commerce. Later it was used as a lobby display, by its novelty giving to those overworked words "service" and "prosperity" new life and meaning. The assembling of the landscape was not difficult, for while the painting of the mountains, river, and grass required not a little skill, the houses, garage, and trees were toys obtainable in the toy department of any large store.

All the world loves to play at life, to see itself in some dear familiar aspect; and the tiny scene, complete with garage and gas-filling station, domestic animals, and the realistically dim blue distance, did not fail to attract grown-ups as well as children. The landscape symbolizes the journey of a depositor's money from the garage, Bank of Montclair, out on the high-road of industrial activity, the Road to Prosperity, where, backed by this reliable institution it safely surmounts the Compound Interest Hill, and by the Bridge of Thirty-five Years' Experience crosses the Railroad of Bad Investments. To avoid giving the impression that railroad bonds are not all that they should be, the cars in the toy train were carefully re-lettered to read "Y. C. & H. Ry," though as the whole scene is rather in the nature of an allegory this precaution was perhaps unnecessary.

THE signs along the road are of interest not only to bankers, but to motorists as well: "Curve, Go Slowly, Security Department," "Prosperity, Avoid Right Turn," "Compound Interest Hill. 4% Grade," "Independence Farm. Free Camping." Who would not be ready to take the road to which these guideposts point?

It is of course impossible to estimate the number of new depositors who have been reached by these signs, and started on their own roads to Prosperity, but to have presented the old idea of thrift in a new way, to have given to children and grown people alike a new conception of a bank's function—that in itself is an object well worth striving for.



## Strategy to Stop the Noon Holdup

(Continued from page 14)

noses. Another group of banks has publicly reported the fact that all its employees attend a smallarms school and have become adept in the use of firearms. In many other cities, formerly terrorized by bandits, rewards which offer more for the bodies of dead bandits than live ones, killed in the act of robbery, are advertised by banks. Some of these methods involve expenditures heavier than the small bank can stand.

THAT method, however, that contains an element of surprise is not only the most effective but as a rule the least expensive. Carefully planned propaganda given circulation by the banks and police seeps through into the underworld and reaches the ears of its denizens who specialize on bank attacks as their sole means of support. One of the best examples of surprise strategy, involving the use of propaganda, occurred during the war, when the Austrian army planned a surprise attack on the Italians.

Learning in advance of this attack the Italian army asked for American troops for special service. A lone regiment of doughboys were sent to a point just back of the Italian line selected as the objective for attack. The regiment was marched back and forth night and day for 72 hours, in an endless circle. To the eyes of the Austrian aviators and ground observers the single regiment looked like thousands of American soldiers. This information went back to Austrian army headquarters. The surprise attack was abandoned and during the night the Austrian army moved its line back some distance.

Banks might well profit by this example, only it should be borne in mind, the surprise should come from, and not to, the bank.

## Simplifying Maturity of Real Estate Loans

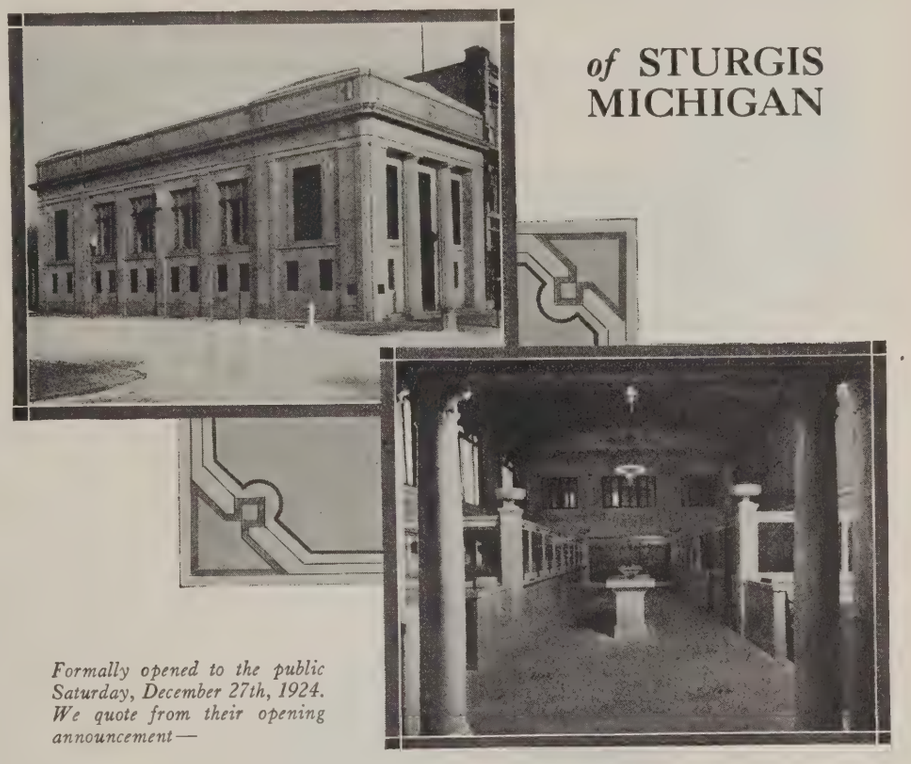
A NUMBER of banks eliminate the necessity for ticklers on real estate loans, by arranging that all interest shall come due on just two dates of the year, such as December 1 and June 1. Maturities are also arranged so as to fall due on one of the interest dates.

On loans made between the interest dates, the customer pays for the time up to the next date, and then starts on the regular semiannual basis. These interest paying dates may be set to come a month before the dates for paying savings interest, so that the collections from one meets the other.

*New Building of the*

# Citizen's State Bank

*of* STURGIS MICHIGAN



*Formally opened to the public Saturday, December 27th, 1924. We quote from their opening announcement—*

"OUR new building and interior is the final achievement of an ideal that was formed years ago in the minds of our directors and which has at last reached a splendid realization. As a result Sturgis now has a banking home as fine as can be found in Michigan and not surpassed in any city of similar size in the United States. Its unostentatious beauty of design, its splendid business facilities and its many conveniences for the public—all testify to the good taste, sound judgment and practical ideas of the St. Louis Bank Equipment Co., who designed, built and completely equipped the building under their single contract method."

## ST. LOUIS BANK EQUIPMENT CO.

*Bank Builders*

ST. LOUIS, U. S. A.

*We will, without obligation, furnish photographs, plans, cost data and other information to any banker.*

# Rand Visible

## Will give you Management Facts at a



JAMES H. RAND
PIONEER-INVENTOR

Twenty-seven years ago James H. Rand founded the Visible Record industry. Today he and his organization maintain their original leadership in the Visible Record field

JAMES H. RAND is the man who first conceived the importance of Visibility in business records. He began, a quarter-century ago, to spread before the eyes of progressive business men a wonderful new vision of *lower* costs—*bigger* sales—*increased* profits.

James H. Rand took the mystery out of record keeping. He eliminated guesswork from business decisions. He demonstrated to the world that an advance in general business efficiency would follow from the use of Visible Card Records. And, as a result of this service, Rand Visibility in business has become a great American institution.

Has *your* business profited by the advance that Rand Visible Card Records have contributed to the general business efficiency of this country? Would "Facts-at-a-Glance" be a help to *you* in the conduct of your business? Send for the Rand Man who will demonstrate without any obligation.

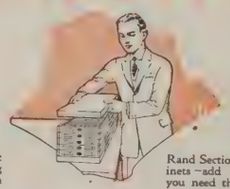
Our home office Systems Department is at your service and will gladly give you complete information about the type of record in which you are most interested.

**RAND COMPANY, INC.**
**814 Rand Building, North Tonawanda, N. Y.**
Canadian Plant, Niagara Falls, Ontario
Member Rice Leaders of the World Association

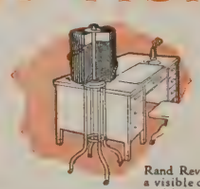
## RAND HAS A TYPE OF VISIBLE RECORD



Rand Steel Cabinets for visualizing and charting detailed information on cards.



Rand Sectional Steel Cabinets—add card trays as you need them.



Rand Revolving Stand—a visible card reference model.



Rand Double-Capacity Revolving Stand—a single-line reference index for large lists.

# Card Records

## *glance~Cut Clerical Costs~Increase Profits*

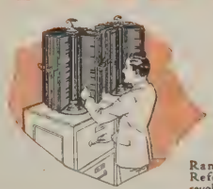



*SALESMEN*~Big opportunity for able men selling RAND. Free training in Visible Record practice and sales. Rapidly growing business offers exceptional territories which are backed by strong sales promotion. Men who can meet executives; men who have had good ground work in office and factory systems and men with office appliance selling experience are preferred. Write .

## EQUIPMENT FOR EVERY BUSINESS NEED



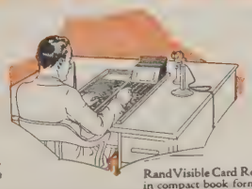
Rand Wall Model for card records.



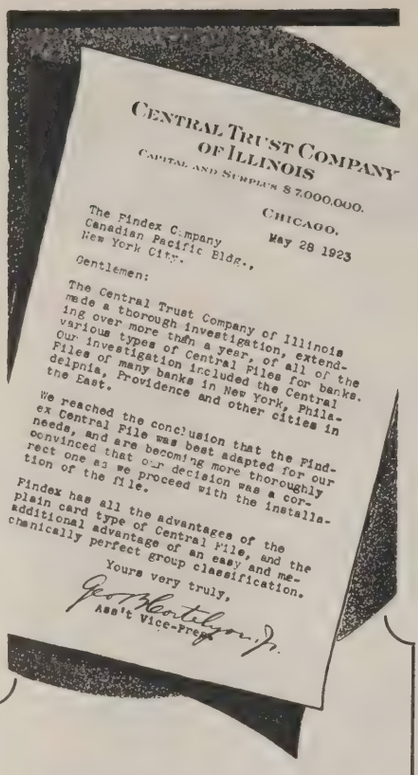
Rand Single-Line Reference Index on revolving stand.



Rand Vertical Stand—another type of single-line reference model.



Rand Visible Card Records in compact book form



CENTRAL TRUST COMPANY OF ILLINOIS
CAPITAL AND SURPLUS $7,000,000.
CHICAGO.

The Findex Company
Canadian Pacific Bldg.,
New York City.

May 28 1923

Gentlemen:

The Central Trust Company of Illinois made a thorough investigation, extending over more than a year, of all of the various types of Central Files for banks. Our investigation included the Central Files of many banks in New York, Philadelphia, Providence and other cities in the East.

We reached the conclusion that the Findex Central File was best adapted for our needs, and are becoming more thoroughly convinced that our decision was a correct one as we proceed with the installation of the file.

Findex has all the advantages of the plain card type of Central File, and the additional advantage of an easy and mechanically perfect group classification.

Yours very truly,

Geo. M. Hartigan, Jr.
Asst Vice-Pres.

THE Findex Central Sales File is, for every bank using it, pointing the way to increased business from within. It is enabling bankers to go after new business intelligently and intensively. It is decreasing their cost of securing new business. In short it is rapidly becoming the controlling factor in those banks where it is installed.

The Findex Central Sales File makes instantly available, without cross-indexing, any or all the information a banker wants about an individual, a group of individuals, an industry, or in fact about any of the thousand and one questions that are constantly arising.

We shall be glad to submit important details of a practical plan of "organized selling" for materially increasing the profitable business that may be had in any aggressive bank. Our booklet "Bank Merchandising" will be sent upon request to any senior banking executive.

THE FINDEX COMPANY
326 W. MADISON STREET
CHICAGO, ILLINOIS
NEW YORK -- -- SAN FRANCISCO

# The Compound Interest Column

*By* DON KNOWLTON

THE modern tendency seems to be toward the antique. We even hear of "Ye Old Electric Shoppe" emblazoned in glaring bulbs on the outside of a store in one of our progressive western cities. Why not "Ye Old Mosse Banke?"

We feel in a conversational and controversial and confidential mood today —and besides, there has been a personal matter in connection with this column which has been rankling for a long time. It's time it was told. As they say, "Truth crushed to earth needs an advertising man."

First, there is the matter of the illuminated fish-bobber.

By way of explanation, it is necessary to divulge certain secret strivings and ambitions. Be it known, therefore, that at one period of our life we passed through the "invention" stage. Everybody has it. One sees large fortunes accumulated by those who have invented insignificant hickies or trifling doodads or inane thingumbobs of one sort or another, and one craves to perpetrate an invention of one's own and retire to a life of leisure in some southern country where the natives believe there is no Volstead.

Well, after some months of thought, the only original conception of which we were capable was that of the illuminated fish-bobber (phosphorus-tipped, waterproof), whereby the enthusiastic follower of Isaac Walton could angle after dark.

The more we thought about it, the more foolish it sounded, until at last we concluded that it would make a better joke than it would invention. So we sprang the idea in this column, if we remember correctly (in this magazine, at least), and portrayed the illuminated fish-bobber as symbolic of all those gimcracks which the novelty salesman tries to sell to the ad man.

Now, sir, it wasn't six months from the date of publication of that idea, when we went fishing at Lake Rockwell, and found fishermen there equipped with this very self-same illuminated fish-bobber!

So you see, we were right all the time. It wasn't a joke at all—it was an invention. The joke was on us.

Secondly, there is the matter of the combination radio receiving set and home savings bank.

Yes, I thought that was funny, too, and made a wise crack about that idea in this very column. And it wasn't four months later that a salesman walked into my office and tried to sell me a real, honest-to-gosh, flesh-and-blood combination radio receiving set and home savings bank!

Well—we didn't buy. We could hardly be expected to take our own joke seriously. But what the deuce? Our inventions are jokes—our jokes inventions. We are funny at our own expense.

For a while we considered copyrighting all quips and even patenting our puns, on general principles. But we thought better of it. Far, far better to give the world our funny fancies. So much nobler to pose as the altruistic benefactor of mankind. And in that spirit of self-sacrifice we offer the public at large another joke which some clever fellow will put to commercial use, as sure as examiners come on Saturdays.

Now I think the following idea is funny. I hereby label it "humor," and disclaim all rights, on behalf of myself, heirs or assigns, etc., etc.

But I'm terribly afraid it's another invention.

Here it is:

We have conceived a plan whereby some safety razor company can tie up with a savings bank on a combination selling campaign to promote merchandising of razor blades on the one hand, and secure new accounts on the other.

The scheme works in this way. The razor company gives away, with every blade sold, a ticket. Ten tickets entitle the holder to a coupon, which may be secured at the local premium office of the razor company. Ten coupons, presented at the savings bank, entitle the holder to a gold certificate. ten certificates, if presented with five dollars in cash at the proper teller's window, entitle the holder to a ten dollar savings account.

In short, the man who has bought one thousand razor blades gets five dollars free on deposit, provided he deposits another five dollars with it when he opens the account. This expense is split between the bank and the razor company. Cost per account, $2.50—cost per blade sold, a quarter of a cent.

Think of the advertising campaigns! Imagine the newspaper headlines!

"*Safety in Saving and Shaving*"

or,

"*The Art of Saving by Close Shaving*"

or,

"*Each Blade Means a Bit in the Bank*"

or,

"*Saving takes the 'H—' out of Shaving*"

Oh, the possibilities of the thing!

And we, with our perverted sense of humor, think it's funny.

Well, you're welcome to it. Take it

and use it and make money on it. All we ask is a package of hand-engraved, solid silver, razor blades, as a slight token of our gratitude and esteem.

Speaking of elegies—suppose Gray had been a bankruptcy lawyer?

"The summons tolls the knell of parting trade,
The creditors make haste to file their plea;
The bankrupt court-ward plods for tardy aid,
And leaves the cash to justice—and to me."

## Four Epochs in Colorado—An Anniversary Theme

(Continued from page 20)

the strata where life not unlike that pictured above once flourished."

For distribution to the visitors, Mr. Herrick reviewed in about 600 words what the scientists say about the prehistoric animals in Colorado and printed it on a slip nine by four inches with an appropriate sketch at the top. On a large table placed in front of the display were a large booklet on wills and another, twin, on trusts; a booklet explaining investments; a statement of condition; a copy of the bank's house organ, "The Pony Express;" a small booklet of four pages and covers dealing with the bank's twentieth anniversary.

A single newspaper announcement ran when the exhibit began. One Denver newspaper, the *Rocky Mountain News*, gave a free news story to the display. The increasing numbers visiting the lobby were wholly traceable to word-of-mouth advertising.

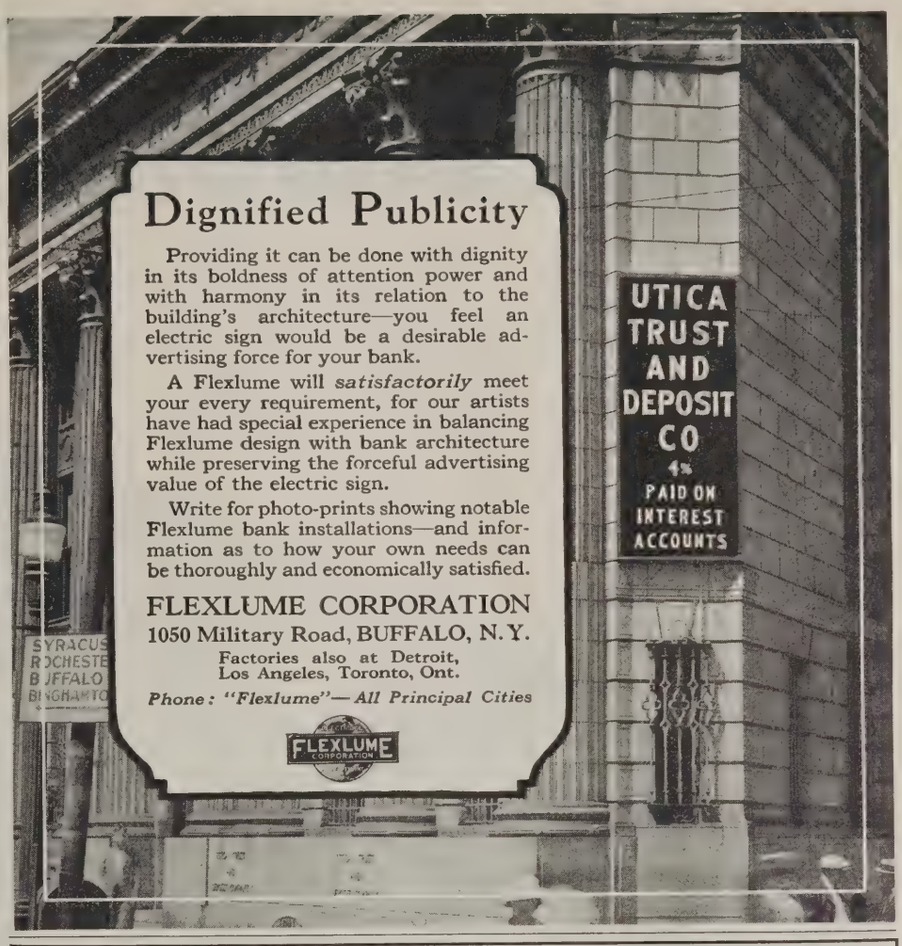
The succeeding epochs in the series were, "The Glacial Period in Colorado," "The Cliff Dwellers," and finally, "The Pioneers."

Though the exhibits were very elaborately staged, the cost of the entire series was less than even a "fair" anniversary booklet would have cost the bank. Temporary check stands, to take the place of the one beneath the booth, were established at either end of the latter.

The bank whose anniversary was commemorated in this manner has grown in a score of years to be one of the largest Denver institutions, with resources of $23,000,000.

## A Securities Stencil

THE Northern Trust Company of Chicago, in its trust department, prepares a fiber stencil for the securities deposited under each trust. There is one stencil for each security, making it possible in a few moments to list what a customer has, or to make up tickets for interest credits.


**Dignified Publicity**

Providing it can be done with dignity in its boldness of attention power and with harmony in its relation to the building's architecture—you feel an electric sign would be a desirable advertising force for your bank.

A Flexlume will *satisfactorily* meet your every requirement, for our artists have had special experience in balancing Flexlume design with bank architecture while preserving the forceful advertising value of the electric sign.

Write for photo-prints showing notable Flexlume bank installations—and information as to how your own needs can be thoroughly and economically satisfied.

FLEXLUME CORPORATION
1050 Military Road, BUFFALO, N.Y.
Factories also at Detroit, Los Angeles, Toronto, Ont.
*Phone: "Flexlume"—All Principal Cities*

FLEXLUME CORPORATION

NO MATTER IF YOUR NOTE BUSINESS IS

$5,000 or $10,000,000

A Year the

ONE OPERATION NOTE REGISTER



Will Operate at a Saving for Your Institution

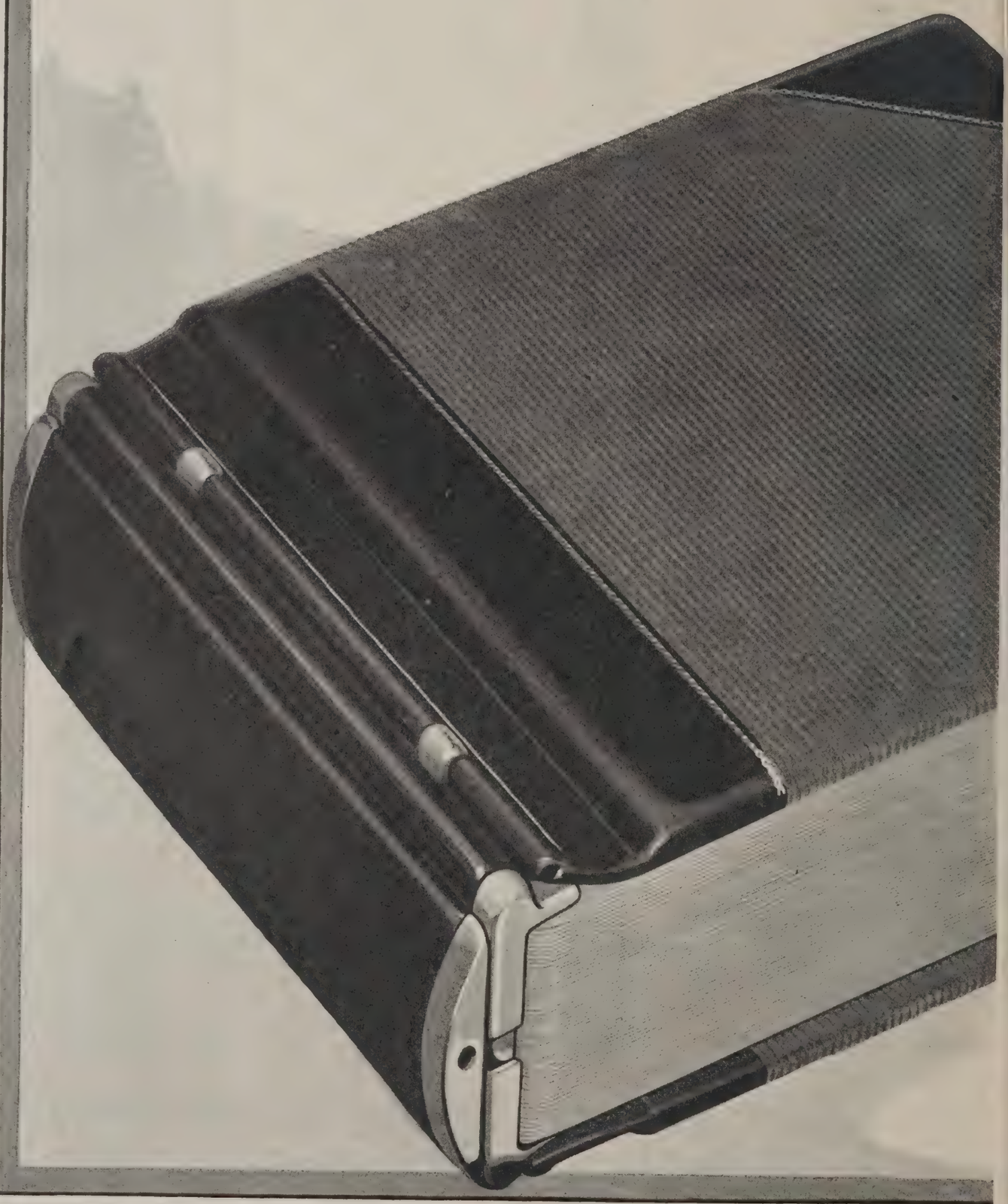
The working details of the One Operation Note Register are simplicity itself. One typewritten operation and five records are accurately provided. Four of the records, namely: Notice, Tickler, Makers and Endorsers Liability Records are filed in a four-drawer steel cabinet, furnished for this purpose. The Register Sheet is placed in the binder illustrated above, and becomes a part of the permanent Note Register. The above binder is built especially for this class of work. The construction consists of hidden posts, reverse lock, bound in corduroy, morocco trimmed.

*WRITE FOR OUR CATALOGUE TODAY*

UNION SAVINGS SYSTEMS COMPANY
*"Good Things for Banks"* LANCASTER, PA.

CANADIAN DISTRIBUTORS: BUSINESS SYSTEMS, LTD., TORONTO

# Let Economy Rule In



# Accounting Supplies



BECAUSE accounting supplies constitute items of heavy expense to financial institutions, there is every reason why they should be obtained at the lowest possible prices consistent with quality.

Banking is a business which succeeds through good financing, which demands economy in every department of the banker's affairs.

So in announcing its entry into broader fields the McBee Binder Company emphasizes its preparedness to help banks institute and carry out a rule of economy in accounting supplies.

Now in its sixteenth year, the McBee Binder Company not only has a background of highly successful experience, but has every known facility for carrying on its business of supplying loose leaf forms, card filing systems and card filing equipment.

We are now marketing our goods to the largest financial, commercial, public service and railroad corporations—evidence enough of our ability and stability.

Write for the booklet, "What McBee Means to You," which tells the story of McBee's growth to national leadership and demonstrates how well able the institution is to serve you.

**THE McBEE BINDER COMPANY**
ATHENS, OHIO

*Offices in Principal Cities*

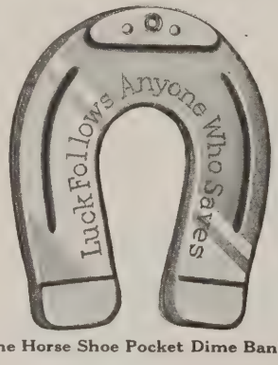
FACTORIES: ATHENS, O. ST. LOUIS, MO. SUSSEX, N. J.

# The McBee Binder Company

# Real Account Getters




The "Real Home" Savings Bank




The Horse Shoe Pocket Dime Bank




The Bankers, Jr.

New Enough to be different in design and purpose, Yet old enough to have proven their worth.

Originators and Manufacturers of

**BANK Advertising**

in all its ramifications

Metal Signs of Interest Tables
School Savings Blotters
Interest Table Blotters
Monthly Folders

*Write for Samples*

*BANKERS THRIFT CORPORATION*

Bankers Thrift Building
*2240 No. Racine Ave. - CHICAGO, ILL.*


## Let's See What the Advertising Manager is For

(Continued from page 11)

What, then, you ask, does the ad man do?

If I tried to tell you all that he does, I'd write a book. The big thing to understand is that the ad man's job is in the main administrative. His job may be divided into four aspects, and I'll take them up one by one. They are—

Determining the selling policy
Purchasing
Administrative detail
Writing copy

I'VE spoken of writing copy. It's essential, of course—but your ad man may do it himself or buy it, as he pleases. Besides, a good ad man can write in a week enough passably good copy to last the average bank for a year!

Let's go back to determining the bank's selling policy.

What does the bank have to sell? What makes our bank different or distinctive or especially attractive? What do we have to talk about? What feature of service do we want to push?

This is not a matter of writing English, but a matter of merchandising judgment. It involves an understanding, not only of what the public will want and will buy, but an intimate knowledge of what the bank has to sell. You know, you can't just sell "bank service" in the abstract—though many of you try it. You must present to the public something tangible, something they will buy. A special living trust program—an unusual safe deposit service—a definite savings plan—a novel checking account feature—something upon which to hang your selling arguments.

That's what I call determining the selling policy, and in some ways that is the biggest end of the ad man's job. And note that the ability to write doesn't enter into the matter at all. In this field the advertising manager must think as a merchant, not as an author.

Well, let us assume that the bank had determined its selling policy. Now comes purchasing.

First of all—how much are we going to spend for advertising this year? Let's pass that by. The subject is too painful, both to the ad man and the board of directors. Assume that our ad man has his appropriation established.

Just what is he going to buy?

Here the ad man becomes a purchasing agent. He is buying reader interest, pulling power of "space," circulation, distribution—items which involve considerable research, a surprising mass of detailed knowledge, careful judgment, and the ability to bargain for a price. Is a three-column ten inch space in the *Daily Hungarian Blatt* worth more to the bank than an equal space in the *Weekly Italian Scream?* Or (still more complicated) is it worth more than a certain number of four-page booklets distributed over the bank's counters by tellers who forget to distribute? Or is it worth more than two weeks' rental of a billboard half way down Maple street, partly hidden by a tree and not illuminated at night? Figure it out if you can! Of course the ad man, taking into consideration first, his budget, and secondly, his selling policy, sets aside a definite share of his appropriation for each of the advertising mediums—newspapers, car cards, billboards, pamphlets, miscellaneous—which he expects to use during the coming year.

Then he dickers and bargains and "stalls along" with the sellers of each of these mediums until he manages to get the most for his money.

Still he hasn't written a word of English!

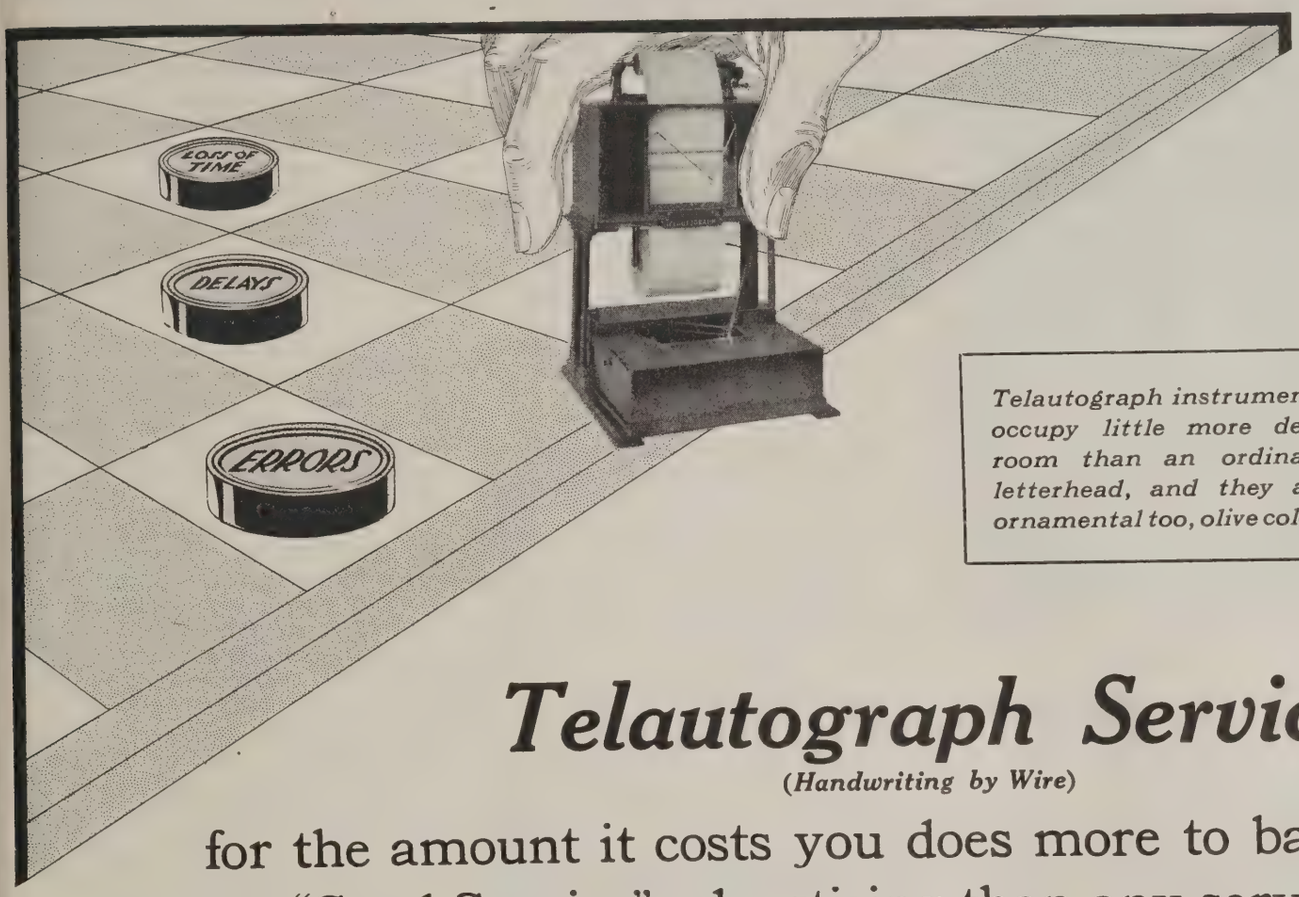
This subject of purchasing bears amplification. There are many banks that are not large enough to afford an advertising manager of their own, perhaps, but who feel that they should do considerable advertising. They believe, and rightly so, that they can buy good newspaper copy, good billboard copy, good booklets, from outside advertising services. But in the purchasing of the mediums by which this copy is to be brought to the attention of the public, they fail utterly of getting anywhere near value received for money spent. In short, they really need an advertising manager. Though he might not actually save them money, he would get them three or four times as much actual value for the money they are already spending.

TAKE newspapers, for instance. A bank can buy copy from the outside, contract for space, and send the copy to the newspaper. But who is going to see to it that the copy is set up in proper form, run as scheduled, and given a location in the paper that will make it read? Who is going to prevent its being run next to the want ad section between an ad for rat killer and one for hair oil? The ad man, if any. Nobody else cares, or has the time.

Billboards are next: suppose a bank contracts for twenty-five boards. Who is going to check up on where they are, how many people see them per day, how their price, in terms of circulation, compares to the other fellow's price? Again, the ad man. No one else will spend a day or two driving around town just to look at billboard locations.

(Continued on page 42)

# YOUR BANK DESERVES IT!!




*Telautograph instruments occupy little more desk room than an ordinary letterhead, and they are ornamental too, olive color.*

## *Telautograph Service*

***(Handwriting by Wire)***

for the amount it costs you does more to back up your "Good Service" advertising than any service your bank is now employing, because—

it enables your tellers and bookkeepers to communicate in a silent, secret and absolutely accurate manner. Eliminates embarrassment of depositors through open discussion of depositors' balances—makes your tellers and bookkeepers more efficient through their knowledge that responsibility for error cannot be shifted. Keeps your tellers in the cages at all times, and prevents involuntary overdrafts, thus rendering better service to customers and providing protection for the bank.

## EACH STATION COSTS 28 CENTS PER DAY!!

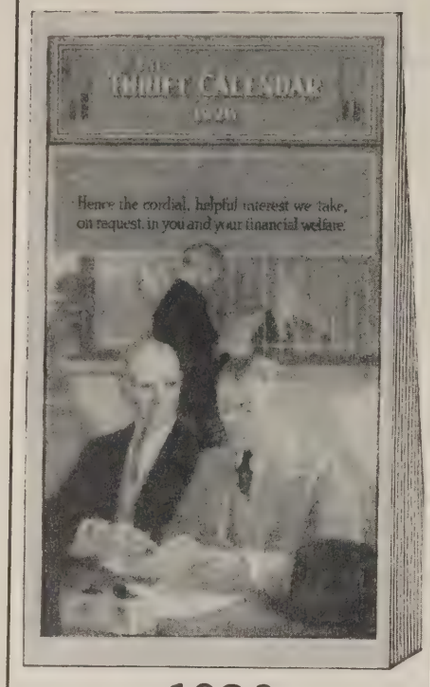
(Charge it to advertising if you wish)

**Our Booklet Explains—Shall We Send It to You? Or Our Man? Or Both?**

## TELAUTOGRAPH [*SERVING BANKS SINCE 1904*] CORPORATION

448 West 37th St., NEW YORK CITY — 36 Branch Offices — Service in 152 Cities

## A Business Building Bank Service




## 1926 Thrift Calendars

**Handsomely Printed in 4 Colors**

This beautiful Thrift Calendar is designed especially for *your* needs, Mr. Banker. It is a real work of art—a combination of beauty, quiet dignity and practical usefulness—a fitting representative of your business. Through the direct tie-up of its thrift appeal to saving in your bank it holds the good will of your regular patrons and brings you new customers.

### 12 Monthly Thrift Messages
**Only One Mailing**

Each month shows a finely executed compelling picture and a short sermon on thrift. Your imprint is prominently displayed under each month's picture. This provides your patrons with a monthly service at the small cost of *only one* mailing.

### Family Budget System

On the back of the Calendar is outlined a practical home budget system—how to plan, establish and control it. Shows how much *should* be saved regardless of size of income and *where* to save the money—in *your* bank.

### Exclusive Rights

The first bank in your city to place an order (subject to our acceptance) secures exclusive rights. Mail coupon for particulars.

### *Free Sample—Mail Coupon*

Don't place your order for 1926 Calendars until you have seen this beautiful piece of art work. Send coupon today and we will mail you one of the 1926 Thrift Calendars, without, of course, any obligation to you.

**Messenger Publishing Company,**
**5932 Wentworth Avenue, Chicago, Ill.**

Gentlemen: Send me a copy of your 1926 Thrift Calendars with price quotations.

*Name*.....

*Address*.....


(Continued from page 40)

Then there are booklets. A bank may purchase a series of booklets—but how does it know that some other series of booklets, at a lower price, might not be more efficient? How can anybody but an advertising man be experienced enough in those lines to compare the value of one booklet with the value of another? The problem is almost hopelessly intangible, at best.

Of course, the ad man isn't infallible. He makes mistakes in buying. But on the whole, he is a painstaking purchasing agent, engaged in getting the most value per dollar spent—and if he didn't do another thing, he would pay his keep right there a dozen times over.

Now for the administrative detail.

After the buying is done, constant effort is necessary to obtain maximum value out of the things bought.

FOR instance, the bank has bought space in a newspaper, and good space, too, well located. The bank has also bought the copy to put in that space. It would seem simple wouldn't it, from that point on? Well, the story has only begun. For in putting that copy into that space are involved such items as typography, illustration, attention value, reader psychology, display technique, and the like. In short, the ad man must scheme out some way to be sure that that copy will be put into that space in a form that will cause it to be read, that will fairly cry aloud to the casual newspaper subscriber. Otherwise, the bank's money will have been spent in vain. The most interesting English in the world will never be read in a newspaper advertisement unless it is put up in such a way that the attention of the reader is first caught and held by the physical make-up of the ad.

Here is the procedure in a typical advertising department of a large bank. Space is bought and copy written. First an artist is called in to make an illustration for the ad. It is re-drawn twice, finally approved, and sent to the engraver, where a zinc etching of the drawing is made, of proper size to fit the space to be used. Then the etching and the copy are sent to a printer. The printer "sets up" the ad in type, tops it off with the illustration, sets the whole in a "border" and "proves it up." Proof is checked and revised a couple of times by the ad man. At last, in final form, the whole is "locked up" by the printer and sent to the electrotyper, who makes the electrotype which is sent to the newspaper! Remember, that is just one newspaper ad!

Billboards make their fair share of grief. The bank already has the boards rented and the copy written. But an artist must make the color sketch, including copy, border and illustration. When that has been revised to such an extent that the ad man is satisfied it will attract the attention of the passer-by satisfactorily, it goes to the billboard people, who make a sample cross section of the sketch in color. When the colors have been approved, the billboard plant paints up one sample board, and the ad man goes out and looks at it. Oh yes, sometimes it is all right—but naturally one of the hardest things in the world is to get a billboard painter to reproduce, on a large scale, the fineness and delicacy and pictorial effect of the sketch from which he has had to work. Many an excellent billboard sketch has turned out to be a meaningless blot after it actually appeared on the billboards. The fault is not in the painter, so much as in the very nature of the process. Hand-copying a painting too, perhaps a hundred times the size of the original is amazingly difficult. The wonder is that billboards are as well done as they are. But nevertheless, these are problems that the ad man must follow through—to say nothing of checking up on the entire list of boards to see that all of them have been repainted according to the contract schedule.

Distribution of booklets means work, too. If they go out by mail, a mailing list must be gotten up, addresses and names kept up to date, a never-ending task—envelopes must be addressed, booklets inserted, stamps put on, and so forth, and so forth. If the booklets are for counter distribution, a constant watch must be kept to see that they are really distributed.

AND when it comes to window display, even of standard posters, the ad man, nine times out of ten, must literally wash the windows himself and throw out the fly-paper and the cigarette ashes. The ad man and the janitor waste little love upon each other.

Another little job is the auditing of the advertising department accounts, and the checking of bills to be sure that the bank is not overcharged.

So you see the advertising department is truly a business department, not an author's den. I've just touched on a few of the high spots. The mass of detail handled by the ad man is amazing.

First, he plans—then he buys—thirdly, he follows through—and fourthly, if he has the time, he sits down after the bank has closed, some night, and writes some copy.

Now, as I said before, it is perfectly possible for a bank to buy excellent advertising material "on the outside"—but in order to get anywhere near its money's worth out of that material, it must have somebody—ad man, vice-president, assistant treasurer—call him what you will—to do planning, purchasing, and administrative detail.

And it so happens that the men who have made this particular job their profession are called "advertising managers." Sometimes it happens that a vice-president or a junior officer who has come up from the banking field can handle this job excellently. But in general, a banker simply can not handle advertising administration—not because he isn't a capable man, but because all his training and his education have been along totally different lines. Balancing books does not teach one the principles of reader psychology, the technicalities of printing, the circulation of publications, nor the attention value of color combinations.

So, it isn't enough just to buy "advertising."

THE sellers of so-called "syndicated" advertising will back up this point of view. When a bank that has bought their material fails to get "results," the seller of the material claims that the trouble lies not in the material but in the manner in which the bank used it, or rather, failed to use it—and nine times out of ten the seller is right.

To draw an analogy—

Suppose you want to build a house. You could go out and buy brick and lumber and cement and plaster, and it would all be sound, first-rate stuff. Your materials would be excellent—but could you build the house?

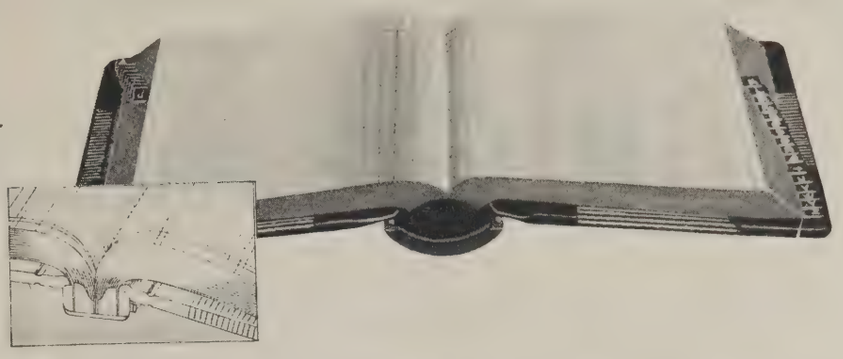
That is the why and wherefore of the advertising manager. If his hair grows long, it's not because he's artistic—it's because he's busy. If he uses two stenographers, it's not because he's overworking fine-spun phrases, but because he's writing letters to beat somebody down on a price or to bawl somebody out for an overcharge. If he's out of the office a lot, it's not because he has gone to get inspiration from the Great Open Spaces—it's because there's been a rotten paint job on a billboard or a window display has had a run-in with the scrub woman. He's a business man trying to run a business office in a business way.

No, I'm not an advertising manager. Yes, they think they know how to run the bank. Sure, they're full of crazy ideas. But—

The fact remains that they can buy more advertising value per dollar than you can. And that's what they're for.

## To Handicap the Forger

THE Farmers and Merchants National Bank of Los Angeles posts printed notices at its customers' counters advising depositors to tear any paper containing their signatures into bits before throwing it into the waste-paper basket so that would-be forgers will not be able to obtain a signature to copy.



# Which One Is More Accessible?

*WHEN* you insert or remove sheets from a Proudfit binder, the operation is done with plenty of room, above the binding margin. Not in the back of the book, where leaves are jammed in and hard to get at.

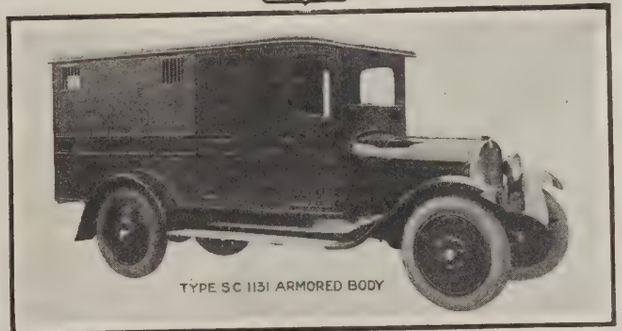
The open book shows the difference in accessibility between any old style binder and a Proudfit.

Flexible steel bands bind the sheet by compression and give you plenty of room to work with when released. When the book is opened the action is the same as that of a blank book, the leaves arching from the center and offering a writing surface which is actually flat. All this saves time and money for you.

**PROUDFIT LOOSE LEAF COMPANY**

**17 Logan Street** **Grand Rapids, Mich.**

SATISFACTION HOOVER DURABILITY




ARMORED CAR BODIES built by Hoover with careful thought, assure maximum protection and security during transit.

HOOVER BODY COMPANY, YORK, PA.

*Eastern Sales Branch - - Long Island City, N. Y.*

HOOVER

*Specialized*

BODIES

# Still Greater Help in

## Announcing the merger of two great institutions that have grown by giving service that has aided banks to build business . . .

THIS is news that concerns the progressive bankers of America chiefly because it announces greater cooperation than they have ever had before—*in securing new depositors and holding present business.*

The Bankers Supply Company, originators and makers of Super-Safety Bank Checks, has been purchased by the Todd Protectograph Company.

### *Doubled effort for banks*

Where these two institutions in the past have worked *separately*—they will now combine forces.

The great national advertising campaigns of each will be continued—reaching millions of Americans who are banking "prospects." But there will be a combining effort toward a common aim—and that aim the education of America on banking.

Research work toward solving problems of bank merchandising will become doubly effective—through cooperation between the two staffs.

Closer contact with banks will be made possible through the two great corps of trained representatives—600 men in the field, and offices in 125 cities. Thus service never before equalled will become immediately effective.

### The Bankers Supply Company

IN 18 years, this company has grown to be the largest manufacturer of bank checks in the world. The yearly output of checks would reach seven times around the globe.

This amazing growth was founded and built upon the idea that banking supplies, particularly checks, could be made active helps in building business for banks.

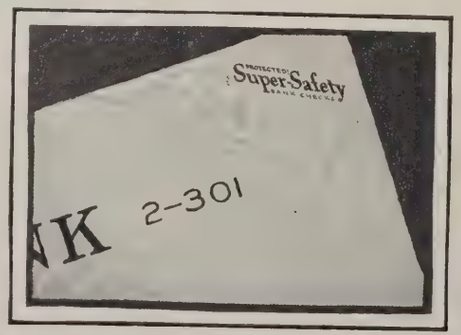
To this end it was necessary that checks be made something more than printed or lithographed slips of paper.

Super-Safety paper was the result. With this safeguard against check-fraud was combined the protection of the world-wide William J. Burns International Detective Agency, Inc.

Then came the plan of national advertising—to educate the public on problems and principles which should help banks attract new depositors. Consistently, for years, millions of people read these messages—month in, month out. Local help in advertising for the banks was put on an increasingly effective basis. The whole became a definite, effective merchandising plan for banks.

Modern manufacturing methods—from raw materials to finished products—made it possible to render this complete service to banks at no premium in price. A great national organization was perfected for maintaining contact with and rendering constant service to the banks of America. Nearly 12,000 banks use Super-Safety Bank Checks.

The step announced today is but another logical move in this 18-year history of progress. It means greater and better service than ever—service that banks everywhere can utilize.




# THE TODD

THE BANKERS SUPPLY CO. DIVISION

NEW YORK CHICAGO

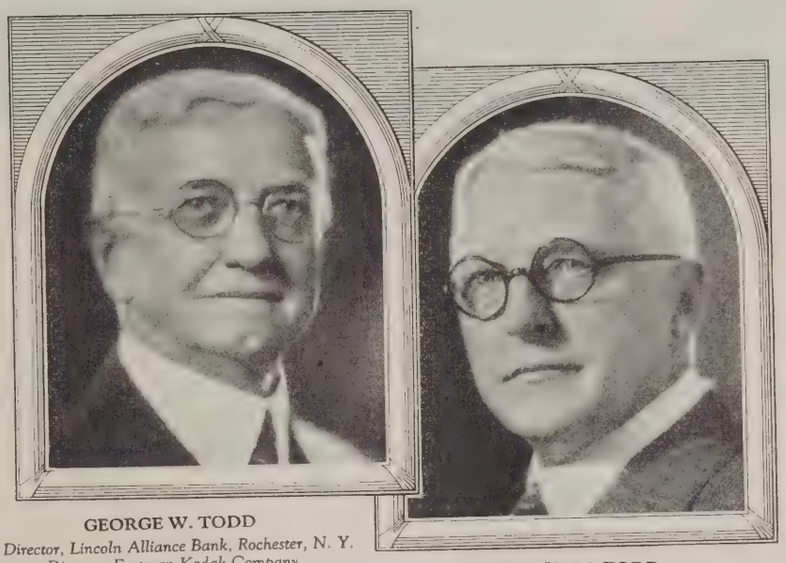
# Building Business

These are tangible tools for your use in building the business of your bank, today!

### *A complete plan*

Super-Safety Bank Checks give you something definite to merchandise, at no greater cost than any checks of comparable quality. They are but part, however, of a completely worked-out plan for getting new depositors.

First, they are advertised consistently—in the most powerful way—to the millions who are most logically banking prospects. They offer features of protection and appearance that *do* appeal to people, *do* help open new accounts for you.



GEORGE W. TODD
*Director, Lincoln Alliance Bank, Rochester, N. Y.*
*Director, Eastman Kodak Company*
*Chairman, Stromberg-Carlson Telephone Mfg. Co.*

LIBANUS M. TODD
*Chairman, National Bank of Rochester*
*Trustee, Mechanics Savings Bank*
*Director, Rochester Gas and Electric Co.*

Back of that is a localized advertising service which no bank could possibly secure for less than $15,000 yearly! A powerful business-builder! It is furnished free to banks using Super-Safety checks. Space is lacking, here, for details—which will be sent you upon request. Nothing like it has ever before been offered to the banking world.

Under this new combination of forces, the Super-Safety check plan and service will be more vitally effective for you than ever before.

### *Invaluable data*

We ask an opportunity to place before you the details of this plan. It is today in use by thousands of progressive banks. Now it becomes more attractive than ever.

Here is valuable data that you can actually *use*. It is yours for the asking—and without obligation.

## The Todd Protectograph Company

THE history of this institution, founded 25 years ago, in many ways parallels that of the Bankers Supply Company—which it has now purchased.

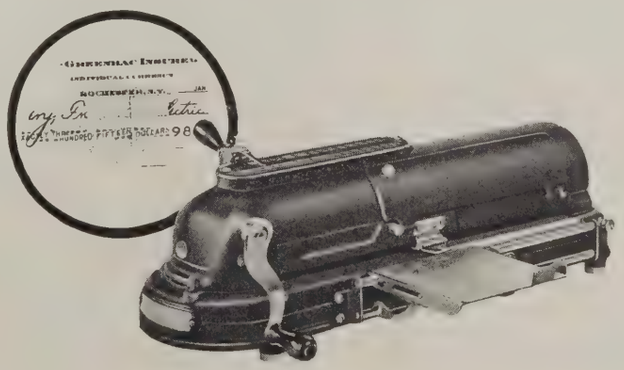
The idea upon which this company has become the leader in its field, was not dissimilar to that from which Super-Safety checks developed: *protection for checks in transit*. And that idea led indisputably toward wider use of checking accounts, and bank service in general as a result.

In 1899 the company was founded, and the first Todd Protectograph was made. Nearly all banks use the Protectograph and over 1,000,000 are in use throughout the world.

Later, as a further step in the same direction, came Todd-Greenbac checks—of distinctive appearance and alteration-defying. Whenever the forger touches any part of their sensitized surface with acid, they instantly flash the word VOID. Thus protection was offered, not only against raising of amounts, but against alteration of payee's name, date, number, etc., and against counterfeiting.

And this program was furthered by national advertising—directed toward education of the public on subjects connected with banking.

Now, with still greater facilities for service, the Todd Company will go even farther—in building business for banks.



# COMPANY

State Street at 60th, Chicago

DENVER ROCHESTER




Fig. 1. Capitalizing "Empty Hands" and Jack Holt

# Stories to Hold Them at the Window

## How a Chicago Bank Takes Advantage of Current Events and Every Opportunity to Attract the Attention of Passers-by

*By* HERBERT V. PROCHNOW
Union Trust Company, Chicago

WHEN you were about the age of Skinnay of Briggs' cartoons and were going to school back in the old home town, you probably read the rhyme about "The Ancient Mariner," but at that early age you may have missed its sales message.

In the first verse the author says:

It is an ancient Mariner,
And he stoppeth one of three.

In that verse we learn that this old "salt," the Ancient Mariner, was no mean salesman. Three poor prospects passed by and he got one to stop, which starts him out with a 33 per cent return on his efforts. The story indicates that the prospect who stopped was on his way to a wedding feast as a guest and naturally felt he couldn't be worried about lingering to listen to the Mariner's sales talk; but the Mariner kept right on and the author says of him:

He holds him with his glittering eye—
The Wedding-Guest stood still,
And listens like a three years' child:
The Mariner hath his will.

On these two verses alone there hangs a sales tale of considerable significance. A hard-hitting salesman goes out and stops three apparently poor prospects simply because he is a good and persistent salesman who knows he has a real story to tell.

Every day 100,000 people, as much in a hurry and as busy as this wedding guest, pass the windows of the Union Trust Company. If we can equal the Ancient Mariner's 33 per cent return, 33,000 people daily, or over 230,000 a week, will read our sales messages. Almost every bank has similar opportunities; consequently a number of them today are removing the black paint and iron bars from their windows and are preparing displays to get new business.

The types of display vary a great deal, depending on the season, current events, departmental activities and other factors. An outline of some of our displays will indicate what we have used in recent months.

Jack Holt may not be on our pay roll, but when the famous Hollywood movie star sent us a telegram on thrift which we displayed in our savings window, hundreds of Chicagoans stopped long enough to read his message on why they should save, and we believe a great many opened savings accounts because of it.

In referring to a large movie house adjacent to our savings department, one of our officers remarked that savings accounts were very often started because an emotion had been aroused. Here was an emotion factory right next door, on whose services we might capitalize from time to time. A movie called "Empty Hands," the title and general story of which could be tied in well with savings, was to run in this theater, and so we prepared the window shown in Figure 1. The story of this picture dealt with two people who began empty handed and struggled to success. Actual pictures of the two stars taken from the film itself were enlarged to a height of twenty-eight inches, mounted on cardboard and then cut out as small figures. These figures were set in an outdoor scene and were made to look off in the distance at a poster which read:

You start on the road to SUCCESS when you put aside a definite amount regularly from your earnings. Begin today by opening your Savings Account with a deposit of $1, $5, or $10.

The large sign at the left had Jack Holt's telegram, which read as follows:

I feel sure that every one of us is eager to succeed. It doesn't make much difference under what conditions you start. Some have education, some have none, some have a start in life; others at times scarcely know where the next meal will come from and begin empty handed. Education, age or money are not essential. In starting one's climb to success the one essential thing is this—resolve to start saving at once and then keep at it regularly. That is the foundation of success.

JACK HOLT, Lasky Studio.

Another small sign gave the names of famous men who started empty handed and made a success in life.

One of our displays which seemed to attract special attention was a baseball window, arranged at the time of the Chicago city series between the Sox and Cubs and the world series between New York and Washington. By special delivery letters and telegrams, we secured statements on thrift from such famous baseball players as Hartnett, Kaufman, and Killifer of the Cubs; Hooper and Eddie Collins of the Sox, and others. On the bottom of the window we arranged a baseball diamond with small pasteboard players all properly set in position. The letters and telegrams were displayed with the pictures of the various players.

There were crowds before the window almost all of the time. It was necessary in this case for pedestrians to stop for quite some time to read the messages and this naturally drew other passers-by to the display. Every telegram or letter they read stressed the desirability of saving. I might suggest here that in requesting well-known men and women to give messages on thrift it is ordinarily a good policy to include one or two statements along the line

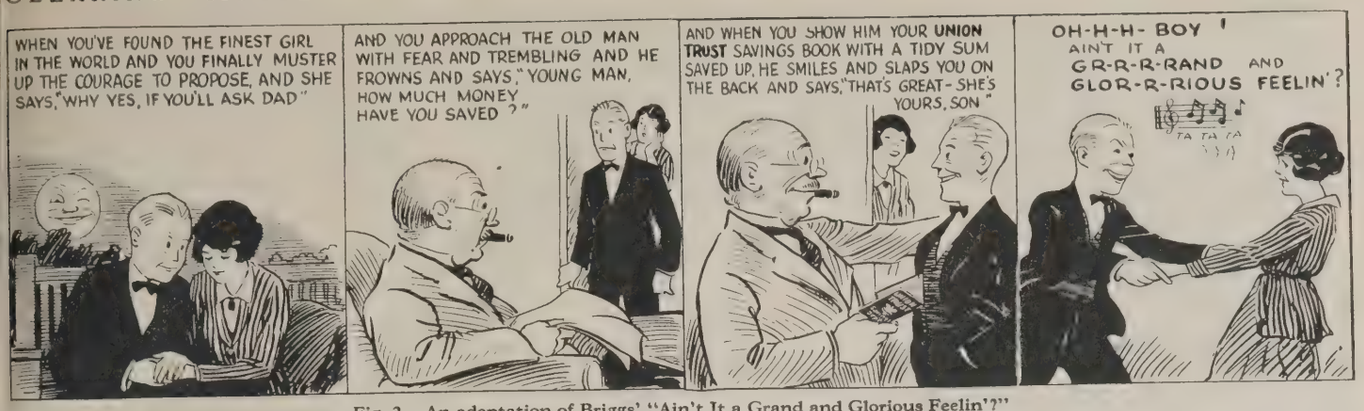



Fig. 2. An adaptation of Briggs' "Ain't It a Grand and Glorious Feelin'?"

of what is desired in order to make it easier for the individual to answer. The following short examples, the first two of which were taken from newspaper advertisements of the First National Bank of Madison, give a good idea of the kind of statements that can be prepared for baseball players:

You are safe on first the instant you put your first dollar in a savings account. But to stretch it into a three-bagger and then a score you have to keep on saving regularly.

A foul ball is always a sign that a man is locating the ball. Sometimes it is a forerunner to a whistling three-bagger. If you have only batted fouls so far and have not started your savings account, remember you have another chance at the ball.

Success in baseball and success in saving money are the same in many ways. Both often begin in a small way and are achieved only after persistent and regular efforts.

Displays were developed from the story of the World Fliers. From this event the idea of persistence in reaching a goal was tied in with saving money. When Henry Ford, President Coolidge, and Thomas Edison were together last summer for a day or two, newspapers published columns about them. That news event provided an opportunity for a very fine display at little cost by securing pictures of all three, showing by posters how men can begin without anything and then succeed. President Coolidge and Henry Ford have both made statements on thrift which could be featured.

Before the Republican and Democratic conventions were held in Cleveland and New York last summer we secured statements on thrift from some of the men who were to be leaders in those conventions. The eyes of the nation were on these two centers at that time, and the newspapers were running seven-column headlines about the principal participants.

The answers we received were enlarged by photostatic process at small cost. The week of the Republican convention we featured a letter we received from President Coolidge, which read in part:

No one is so poor that he cannot begin to be thrifty. No one is so rich that he does not need to be thrifty. The margin between success and failure, between a respectable place in life and comparative oblivion, is very narrow; it is measured by a single word, THRIFT. The one who saves is the one who will win.

In addition a photograph was secured from the photographer whose picture of the President had been approved by the President himself.

For the Democratic convention a number of photographs of "dark horses" were used to attract attention. Letters on thrift and savings from some of the most prominent Democratic leaders were also used. In each window a large poster was displayed which tied up our savings department with these messages on thrift.

In our football window we prepared a regular field with players and a grandst and. Then we secured footballs that were actually used in Big Ten games. The following posters suggest what is suitable for this type of window:

Championships in football are not won by a single game. To make a good record it requires consistent teamwork in every game throughout the season.

Financial success is not attained by saving once or twice—but is the result of regular, systematic saving.

YOUR GOAL

You can learn something from a successful football player, because attaining any worthy goal in life depends on the same regular determined effort that is required in the football field.

You may be saving to own a home, to purchase a block of safe bonds, to prepare yourself for a better position, or to attain some other worth-while objective.

Our Savings Manager will gladly help you plan your particular goal in life.

Shortly before General Pershing retired we received a statement on saving from him. For Armistice Day we had this message enlarged by a photostatic process and mounted on cardboard. A recruiting station furnished us with colored posters of soldiers and marines, some of which were cut out and mounted. Then we also used a photograph of General Pershing. The whole display cost very little and was extremely timely; the letter from General Pershing provided us with an ideal tie-up for our savings department.

Briggs' idea "Ain't it a Grand and

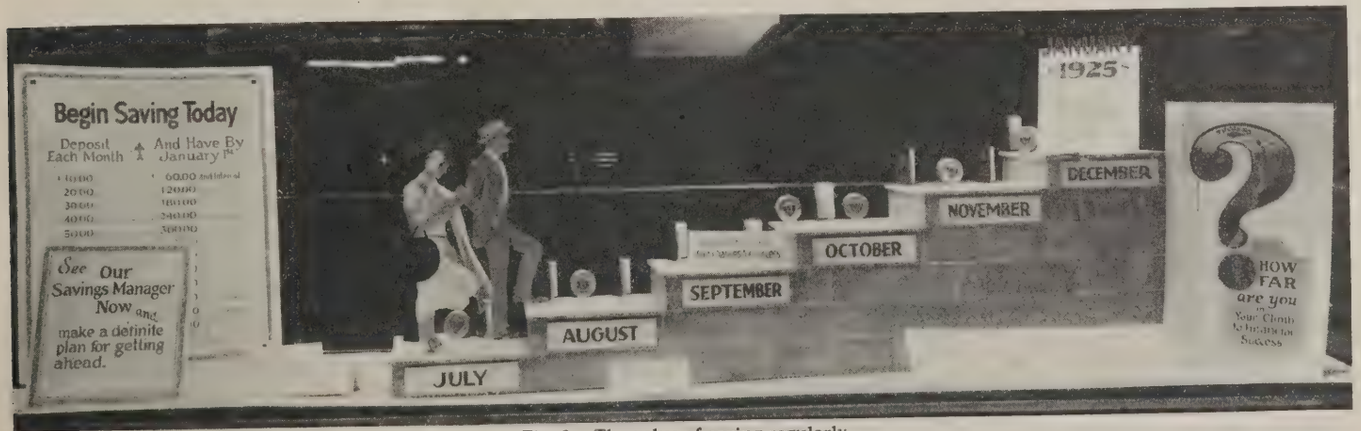
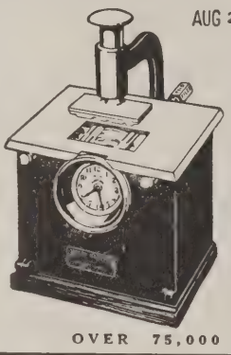



Fig. 3. The value of saving regularly

HOLLAND
Advertising Company, Inc.
244 Fifth Ave., New York

*Specialists in*
*Newspaper Advertising for Banks*

MINOR SWINGS
OF THE STOCK MARKET
and Their Indications by B. EDELIN
A guide to the investor and a handbook of reference for the professional broker. Explanatory graphs and tables, with blank pages for memoranda. Annalist—"Should have wide sale."
Full cloth, octavo, postpaid $1.85
DORRANCE & COMPANY, Publishers
Dept. BC, Drexel Bldg., Philadelphia


AUG 28 1917 3 43 PM
(Fascimile imprint reduced in size
Avoid Disputes
Keep an hour and minute time record of every visit to your safe deposit vaults.
The Kastens Time Stamp prints each MINUTE, hour and date automatically.
Catalog? Yes, an interesting one, too. Send for it, now.
HENRY KASTENS
422-424 W. 27th St.
New York City, N. Y.
OVER 75,000 IN USE

If you really want to know how far bank advertising has advanced—see Reed's Master Plan for 1925. Nothing else can give you a full realization of the new order of things which P. M. Reed & Banker Associates, Chicago, have initiated.

*A Service to You*

The Burroughs Clearing House is sent to you and 49,999 other bank officials in the United States and Canada as a service—without obligation to you.

The Burroughs Clearing House is edited by Burroughs, printed by Burroughs and distributed by Burroughs, *but doesn't discuss Burroughs.*

The Burroughs Clearing House is devoted wholly to banking.

Glorious Feelin'," was used for our savings department window; and an illustrated series of four cartoons was worked out as indicated in Figure 2.

The dominating poster for such a display might read as follows:

You too can make your dreams come true.
Our officers will gladly give you valuable help in saving and investing your first $1,000.
Come in today and open your savings account.

These cartoons were drawn by an artist and enlarged to about 30 inches by 36 inches, and colored. If the bank cannot afford such drawings, one poster with this copy and the caption, "Ain't it a Grand and Glorious Feelin'" (with apologies to Briggs), may be used in a small window.

Figure 3 illustrates a display we worked out to show the value of saving regularly. The window was prepared for June and shows the amount one could have on January 1 if he saved a certain sum every month up to that time. A colored scarf which we placed around the girl was made to flutter by the breeze of an electric fan hidden behind a poster. By causing the scarf actually to wave in the direction of the top of the stairs and the figures face in the same direction, we directed the attention of the passers-by to the message we were trying to emphasize.

A new savings plan, the Success Savings Club, which the Union Trust Company has developed, furnished the basis for another display. We had received hundreds of inquiries from all over the United States relative to this new savings plan. A number of people had sent us cards, others had sent letters, some had clipped our advertisements and asked us to send them literature on how to succeed by saving. We placed a large government mail bag at each end of the window and had the mail pouring out toward the center of the window. In the center background we mounted on cardboard a large colored map of the United States marked with flags to indicate the places from which inquiries came. From each state we ran a small white ribbon to a card at the bottom of the window on which were listed the cities in that state from which people had written us. The poster in the window read as follows:

Nation-Wide Interest in Success Banking Plan.
Thousands of men and women from all over the United States have written asking for our new folder.

"Your Chances for Success"

which gives complete information and shows why you ought to belong to the Success Banking Club.

Many people are more or less interested in maps, and almost everyone will stop to see an original letter in a window, for it has a human interest appeal. The letters, of course, were arranged so that the signatures were concealed.

This kind of display might be called a "me too" or "sheep" window because we tried to show the passer-by that people from all over the United States are interested in this new savings plan; consequently it must have something real back of it and they, therefore, ought to do what thousands of others had done,—ask for the new folder, "Your Chances for Success."

A simple but effective window for opening accounts through metal banks can be prepared with the use of two electric fans that turn from side to side. Circular posters with suitable messages on them may be made to fit the front of the fans. Place a fan at each end of the window with metal banks in the center of the display. The turning fan adds motion to the window which attracts the attention of the passer-by. Our round posters were made to resemble the face of a clock and had a metal bank glued at the top to represent a stem-winding clock. The copy read:

Save a dime any time with a convenient vest-pocket bank.

There may be a "Home-coming Week," an annual celebration of some kind such as Labor Day, Dollar Day, a Farmers' Picnic, Calf Day, Booster Day, a fair, and a number of other events that will bring hundreds of people to your city and offer exceptionally fine opportunities to secure publicity for your bank.

Countless opportunities present themselves for display if the person who has charge of the windows is constantly on the lookout. Whenever the current news or some notable event lends itself to a display in which the bank message can be used in an effective and dignified manner, the window is almost certain to get a great deal of attention.

## An Adventure in Employee-Ownership

(Continued from page 18)

ventures in other fields, or opportunities he has encountered outside the legitimate field of banking, have played no part in the achievement, it is generally conceded. In fact, this has been one of the principles he incorporated in the policies of the bank from the beginning. Employees all along the line are required to confine their interests and efforts to the bank—one of the factors that prompted the employee-ownership plan, to compensate them for this restriction by providing them a greater opportunity to get ahead in the bank.

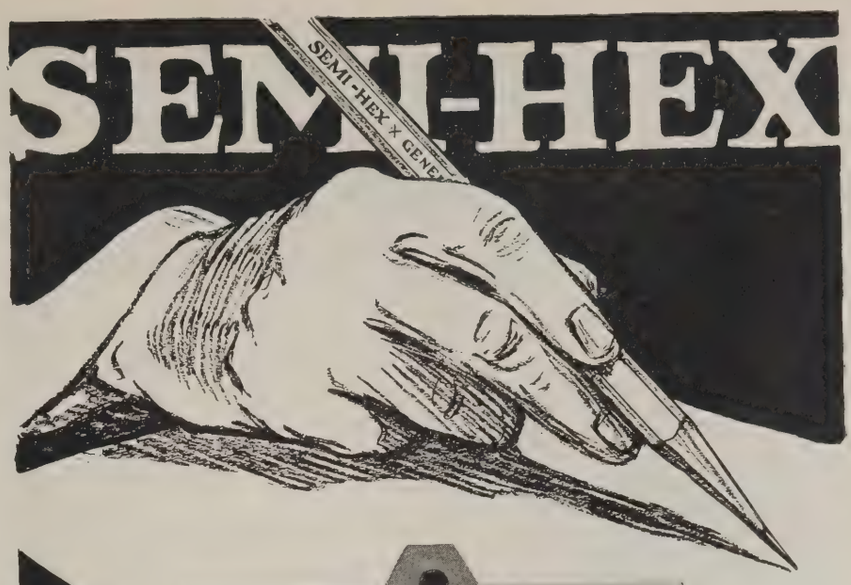
The Bank of Italy plan was adopted in October and it went into operation the first of January. That is to say,

counting from the first of January, the bank will appropriate money from its earnings, at the end of each quarter, to buy stock for the employees. And from the same date employees will concurrently exercise the privilege of purchasing stock in accordance with the provisions of the plan.

It is, of course, too early now to say from experience how the plan is working out. But recently at an open meeting of the employees the committee in charge of the plan, appointed by the directors, gave some interesting examples of what might be expected in the way of practical results. The committee has it figured out that in the case of a certain quite representative employee if he subscribes to the full extent of his privileges under the plan, within five years' time he will hold enough stock so that the dividends from it will automatically provide sufficient money to pay for his subscriptions to stock at the same rate as long as he is an employee of the bank. It was found that if a man of forty-five years of age receiving a salary of $1,800 a year should avail himself of the maximum stock-buying privileges, he might at the age of sixty-five retire and continue to receive the equivalent of his salary for the rest of his years in stock dividends. And he would at the same time qualify for compensation under the bank's plan for pensioning old employees, which is independent of the employee-ownership plan. This would work out proportionately for any employee receiving less than $6,000 a year.

THE plan harmonizes most effectively with the bank's extra compensation scheme to automatically provide increased pay for employees who are married and have dependents. The committee estimated that under the plan the bank virtually puts up $145 in addition for every $100 that a married employee having three or more children puts into stock buying.

Of course these estimates are all made under assumption that existing or approximately similar conditions will continue. One of the qualifications in the practical working out of the plan is that employees shall not actually own and control stock outright who have been in the employment of the bank for less than twenty years. Up to ten years of continuous employment, dating from the first of January of this year, the stock is held by a trustee appointed by the bank, and for ten years after that the trustee will exercise the voting privileges of the stock. And the trustee will have the privilege within the second ten years of buying it back should the employee desire to dispose of it. The committee estimates that probably the employees will either


write 100 words!

You may think all pencils are alike—but write 100 words with SEMI-HEX and any other pencil. You'll get the difference instantly.

SEMI-HEX is incomparable — smooth, long lasting lead, a round corner pencil that's comfortable to use—and the price is only a nickel at your stationer's.

*Send 10c for a trial set of three pencils including SEMI-HEX*

GENERAL PENCIL COMPANY
INCORPORATED
Jersey City New Jersey
*Manufacturers*

Clark Changeable Boards

THIS BANK
WILL NOT BE OPEN
THURSDAY, NOV. 24TH
THANKSGIVING DAY
LEGAL HOLIDAY

*All Kinds of Signs for Banks*

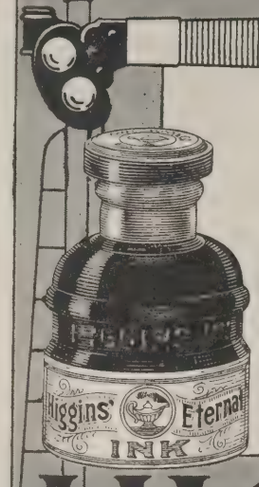
Clark signs are made in all styles and sizes required in banks, from small Desk Signs to large Bulletin Boards. They are attractively finished and harmonize with bank fixtures. Changes can be quickly and easily made.

*Write for Catalog on Bank Signs*

R. W. CLARK MFG. CO.
1774 W. Wilson Ave. Chicago, Ill.

*In writing to advertisers please mention The Burroughs Clearing House*

# A Factor of Business Safety




THERE'S satisfaction and safety in knowing that the ink you use for check signatures, certificates, documents, and other records will stay sharp and clear for centuries.

HIGGINS' ETERNAL INK will do just that. It's proof against age, air, sunshine, chemicals or fire. A jet black ink, quick drying, and Permanent as the Pyramids.

May be used in fountain pens.

CHAS. M. HIGGINS & CO.
271 Ninth Street Brooklyn, N.Y.
Chicago London

# HIGGINS' Eternal Ink



## When You Buy RIBBONS for Your Adding Machine

There are just two things that you want your adding machine ribbons to do for you.

*First*—**give neat impressions that will last year after year.**

*Second*—**stand up under hard usage for a long period.**

Burroughs ribbons are designed to stand up under all the hard usage that you give them day after day.

And while giving this unusual service they also register neat and lasting impressions.

Only with good ribbons is it possible to get records that will continue to be neat and legible year after year.

*Order from Your Burroughs Inspector*

These quality ribbons are carried to your office by the regular Burroughs inspectors who service your Burroughs equipment.

Or, you can order ribbons direct from

Burroughs Adding Machine Company
Detroit, Mich.




own or hold in trusteeship a majority of the bank's stock within five or six years' time. This depends, naturally, on how things work out, how many avail themselves of their full privileges. It is apparent that the employees will not control the voting rights of the the stock for some time.

Dividends on the stock the employees obtain under the plan, will be paid in cash at the end of each quarter. Should an employee be discharged or resign during the period the stock is held by the trustee, he will be paid the market value of his holdings.

As to the question of whether or not there is a trend in banking toward employee-ownership and perhaps greater employee-control, it is interesting, though perhaps not significant, that another large San Francisco bank, the Anglo and London Paris National Bank, has recently given its employees preferential opportunities for buying stock. This is no plan whereby it is expected that the employees will eventually control the stock, as with the Bank of Italy. Nevertheless, 200 out of 260 employees who are eligible to participate in this stock-buying plan have taken advantage of it. It is reported that 2,000 shares of this bank's stock are now owned or are being bought by employees. The Anglo and London Paris National Bank is a bank which specializes in large accounts and it has no branches.

### Where Pride Goeth Before Promotion

(Continued from page 16)

listed, seven scored 99, eight 95, four 90, four 85, one 80, three 75 and one 50. There was a range of fourteen points among the ninety-niners.

IN THE operation of the system through many months, shifts were notable from one group to a higher one. The "75" man soon worked into the "80" or "90" class. For one thing, his errors were definitely tallied against him, day in and day out, and regularly totaled, so that he realized just what his weaknesses were; and, for another, they were published and he'd be jiggered (or she) if he'd let the rest of the staff put him down as a dud. "Pride, old fellow, pride!" Incidentally, the great majority of the members of this staff are women.

Of those in the "99" group in the record presented, one bookkeeper is demerited only one point—an error in listing. Just what does that mean? This bookkeeper, a woman, posted daily about 1,400 checks and about ninety credits, each requiring, on an average, three punchings of keys. That meant, 4,470 punches a day. Call it 5,000. Also, she brought up

daily about 350 balances, averaging four keys, a total of 1,400. That ran to 6,400 punches a day. For twenty-six days, the total was 166,400. In 166,400 punches, she made one error! And in all the rest of her work, she made no errors. Again the urge to marvel at proficiency and forget errors.

Posting of a large sheet of "Don'ts" has helped in the department. Here are some of its admonitions:

DON'T FORGET
- to be at your desk at 8:30 a. m. sharp;
- to make up your summary sheet;
- to check totals with your control sheets;
- to date and stamp your work sheets;
- your Monday and Thursday reports on interest;
- your Tuesday report on Big Balances;
- your special reports;
- the proper date when posting;
- to type the names on your ledger sheets;
- to show special instructions on ledger sheets;
- to file your completed ledger sheets;
- to look back your stop-payments;
- to look back indorsements;
- to report on overdrafts;
- to take a proof of your work;
- to cancel your checks before filing;
- to keep your files in proper shape;
- to show neatness in your work;
- to clean up your desk before leaving;
- to cover your machine;
- to turn off the motor and lights;
- to ask questions about your work;
- you are expected to be alive;
- there are other jobs, some worse than yours.

Staff members absorb the list, but now and then special emphasis seems called for. Again publicity is the resort. Many a smile has agitated the staff at seeing the personable Mr. Johnson escort a reluctant bookkeeper to that "Don't" poster, to point an accusing finger at this or that "don't." Sometimes one gets tired of private cautioning and only the open method is effective. This sort of thing keeps a staff spirited.

THE department employs various devices to promote accuracy. For instance, it has a stamp for use, with red ink, on the left corner of certain ledger sheets, bearing this wording:

**Caution!**

**Do not confuse this account with account of**

_____

This serves to distinguish between joint and individual accounts of a depositor, accounts of two individuals of like surname, accounts of firms with names of like wording, several different accounts kept by one firm, and so on.

Low turnover among employees and publicity for errors are the major effectives in preventing mistakes, according to S. J. Bigford, chief clerk. "We have 386 employees now as against 417 a year ago," he says, "and we are handling more business with that smaller force. The reason we can do it is more stability among the help in the departments. There is less unrest, less changing about. All new employees require some training. When you get them trained and can keep them, you've gone far toward solving the mistake problem.

"Our experience with women employees? It has been very satisfactory. We find women better on detail than men. They are not so restless under routine, not overzealous for rapid promotion, are steadier, and stand monotony and repetition better. Marriage is the main cause that depletes the ranks of our women employees, but it is not a cause for discharge with us. This bank has no unfriendliness to matrimony."

One thing more. With the exception of the mail sorters, there is a definite identification of worker with his job at any given time, by name or key number, in all the departments named, so that errors can be traced back to makers. Seldom, very seldom, can an employee, confronted with his evil work, resort to Macbeth's challenge: "Thou canst not say I did it!"


*An Extra Measure of Service*



SOME 2,200 employees, each trained to do one or a few things well, and each recognizing that his allotted task is essential to the well being of the institution and those whom it serves, is your assurance of "an extra measure of service."

**The CONTINENTAL and COMMERCIAL BANKS**
**CHICAGO**

INVESTED CAPITAL
60 MILLIONS

TOTAL RESOURCES
500 MILLIONS

Advertise With
BLOTTERS

One of the most effective mediums you can use. Always used; always appreciated; never thrown in the waste paper basket. A constant and favorable reminder of your interest. Known to produce results out of all proportion to cost.

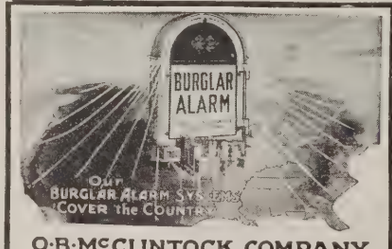
*Send for samples which will be gladly orwarded without charge*

H. G. McGARY & COMPANY, Inc.
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*We can supply you with any advertising novelty on the market*

How about a bank magazine individualized and named by yourself suitable for all departments of your institution, at an amazingly low cost?

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√Check
YOUR ADVERTISING FOR RESULTS
IF IT ISN'T MAKING GOOD, WRITE
The HAHN-RODENBURG CO.
SPRINGFIELD, ILLINOIS
*Individually Designed Newspaper Advertising Service*

If You Sell to Banks or Bankers

The Burroughs Clearing House is your best buy. One or more bank executives in every bank in the United States and Canada receive a copy monthly. Ask any banker whether he reads The Burroughs Clearing House. Ask him too, how many others in his bank read his copy after he is through with it.

*WRITE FOR RATE CARD*

The Burroughs Publications
Detroit, Mich.

# The Law on Collection Customs

*By* ARTHUR F. McCARTY

ON THREE separate occasions last summer, I encountered a disturbed state of mind on the part of a banker, due, in each case, to news disseminated through banking circles respecting some recent decision of the United States Supreme Court to the effect that banks could no longer safely take drafts in payment of collection items. The proposition was stated differently to me on different occasions, and the memo of the title and volume and page numbers of the case was always elsewhere than at hand, wherefore, I did not get a very clear idea of what the plot was.

Then, more recently, a client came to me with a form letter he had just received from his bank which he did not understand. Since the letter seemed to have some effect upon his contractual relations with his bank, he desired to have that effect made clear to him, and this led me straight to a discovery of what had been bothering the bankers. As it will continue to bother a great number of bankers for some time to come, I am setting down here some of the conclusions I arrived at.

To begin, the form letter states the problem quite succinctly and, besides, shows the manner in which one bank met the practical questions arising in the transactions involved, for which reasons it is here reproduced:

Dear Sir:

REGARDING COLLECTION OF CHECKS AND DRAFTS

A recent decision of the United States Supreme Court to the effect that a collecting agent accepts payment of a check or draft from the drawee bank in anything but cash does so at its own risk, makes it necessary for the bank cashing checks or drafts on other banks, or receiving such checks or drafts for credit from its customers, to do so only with the understanding that it and its agents or correspondents are authorized to accept payment in the customary way by draft of the payee bank or of the collecting agents drawn on its or their depositary banks; and that all such items so cashed or deposited are subject to final payment without risk to the bank or its collecting agents except for negligence; and the purpose of this letter is to advise you that all such items cashed or received for credit on and after this date are taken upon the above named conditions.

You will readily understand that it would be next to impossible to collect such checks if the actual money payment should be required.

Yours truly,

....., Cashier.

The case referred to in the above letter can scarcely be other than that entitled Federal Reserve Bank of Richmond, v. D. J. Malloy *et al.*, decided in February, 1924, and found in 264 U. S. 160; 44 Sup. Ct. Rep. 296; and Adv. Ops. p. 288. The case provides important contributions to the law of banking, particularly by way of interpretation and elucidation of the Federal Reserve Bank Act and the Federal Reserve Regulations, as well as the relations between member and reserve banks; and it does lay down the rule of law about as stated in the letter—which is disturbing enough on first reading.

But there is nothing very new in that portion of the decision set out in the letter. It has been the law heretofore that a collecting bank takes anything but money in payment of the paper at its peril and risk, notwithstanding which the letter is calculated to perform an important office in making proper contractual relations between the bank and its customers, as will be made clear later.

The opinion in the case was delivered by Mr. Justice Sutherland, and after re-declaring the rule of law above stated, it takes a gentle shot at one of the regulations of the Federal Reserve banks (Regulation J (8) of 1920) which is to the effect that a Federal Reserve bank will act as agent only in handling items for member and non-member banks, and that these banks are required to authorize "its Federal Reserve bank to send checks for collection to the banks on which they are drawn, and, except for negligence, Federal Reserve banks will assume no liability." That regulation, said the court, while authorizing the sending of checks directly to the drawee bank, does not authorize the Federal Reserve banks to accept drafts in payment. This is of considerable importance to all banks, Federal Reserve, member banks and non-members alike; but of greater importance, it is believed, was the reaffirmation of the Supreme Court of the so-called "New York rule" respecting liability of remote agencies directly to the depositor of the check.

In the case decided, the check was deposited with a bank at Perry, Florida, and went through the hands of three intermediate banks before reaching the Federal Reserve Bank of Richmond, the defendant. The state courts are in irreconcilable conflict respecting the question whether the depositor could maintain the action against the final collecting bank. A number of states, following the "New York rule," hold that there is no such direct liability and that the initial bank alone is responsible to the owner of the paper for loss. An equal if not larger number of states, following the so-called "Massachusetts rule," hold

exactly the contrary, viz., that the initial bank is impliedly authorized to employ agents, and said agents are the agents of the owner, to whom they are all liable directly.

The United States Supreme Court supported the New York rule before (Exchange Nat. Bank *v.* Third Nat. Bank, 112 U. S. 276), and, after referring to that case and reaffirming the court's belief that it is the correct rule, the court proceeds to decide this particular case under the Massachusetts rule.

Therein lies much of the real light on a rather dark situation. "Here," said the court, "the relations of the payee to the initial bank of deposit are controlled by the Florida statute with respect to which it must be presumed they dealt with each other. That statute had the effect of importing the 'Massachusetts rule' into the contract," and the court had just remarked that the New York rule or any other may be varied by contract express or implied. We now begin to see wherein the form letter referred to may play an important part.

Another important phase of the decision is that part which relates to the effect of a *custom* respecting the mode of collection and the medium of payment to be exacted by the collecting bank. In the case being discussed a custom had been proved, quite the common custom, too, among banks generally, that the common practice is to accept drafts in payment, but that shipments of currency are sometimes made, though less frequently than the forwarding of drafts.

The decision says that the custom as proved is not uniform, in that remittances may at one time be by draft and at another by currency or coin; and it was held that a custom, to contravene the well-established rule of law that a collecting bank is liable to the holder if it accepts anything but money or that which passes as money at par must be as definite and certain as the rule it seeks to contravene. Also, the plaintiff in the case did not know of this custom, and, even if he did, he could not be bound unless he had, expressly or by implication, consented that the business he was entrusting to the bank be done in the manner of the custom.

The significance of this will be clear at once. Banks may have a custom among themselves so well established and notorious that courts will take judicial notice of it, that of settling between themselves by drafts, yet as respects the obligation to the customer the old, original rule of law remains unimpaired—unless *changed by the terms of the contract between bank and customer.*

The original rule of law was based on good reasoning and is founded on good sense and equity if one considers the state of the banking business in this country fifty or a hundred years ago. Then, transactions among banks were fewer than now; owners of checks and other bills of exchange drawn on distant banks had a right to depend on the bank to which their collection was entrusted either to get the money or return the paper, there never having been any liability, of course, when no payment at all was made, and only when the collecting bank took *something* in payment.

But today, with transactions involving the collection of checks and drafts on banks in cities hundreds or thousands of miles away forming a large part of the daily business of banks, the practical difficulty of transmitting always in cash makes a solution of the problem imperative. The letter reproduced in this article represents one attempt to solve it, an attempt, too, along the right line, in the opinion of this writer, where there are no state statutes of the kind hereinafter described; whether it accomplishes the purpose fully is a matter I shall not attempt to pass upon; but since it tends to create proper *contractual* relations between the bank and its customer, it is a step in the right direction.

In almost every relation of bank and customer, one to the other, there is a question: What is the exact agreement and understanding? If the rules of law or the statutes in effect make this clear, well and good—unless, as in the case discussed, the rule is against the bank; and then it may be changed by contract. Even the benefits of a statute may be waived by contract. Hence, it is but common sense for banks to endeavor to clear themselves of the risks attendant upon accepting drafts in payment of collections by having the customer agree that they may do so and be chargeable only for negligence in selecting the agencies it uses.

Just how to accomplish that agreement in all cases is not so clear, however, and the exact method must be worked out by each bank; but the terms on which the bank proposes to cash or enter for credit checks and other bills of exchange drawn on banks beyond the distance permitting presentment over the counter must be communicated to the customer and assented to by him; each should be done in a manner that will leave the bank with evidence that it has been done; in other words, all the requirements of any valid contract, such as full meeting of the minds, good faith, consideration, etc., must be present. Then, when the usual diligence has been used, but the drawee bank remits by draft on its reserve, and fails, and the draft goes to protest, our bank will be in the clear.

(Continued on page 56)


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(Continued from page 53)

Efforts of another kind to meet this problem have been made, namely by the enactment of statutes in the states. One of these, Sec. 2, Chap. 20, North Carolina Public Laws, 1921, has successfully withstood a determined attack upon its constitutionality, the case being fought through the courts of North Carolina to the Supreme Court of the United States, the array of legal talent on the side of the attack being led by no less a person than John W. Davis, late candidate for president. The provisions of that statute are that as to all banks and trust companies chartered by the state, all checks drawn upon them shall, "unless specified on the face thereof by the drawer or maker thereof, be payable at the option of the drawee bank, in exchange drawn on the reserve deposits of said drawee bank when any such check is presented by or through any Federal Reserve bank, postoffice, or express company, or any responsible agents thereof." The constitutionality of the statute was upheld at all points in Farmers & Merchants Bank v. Federal Reserve Bank, 262 U. S. 649; 43 Sup. Ct. Rep. 651; 30 A. L. R. 635.

For three years, then, we have waited to ascertain that the statutes of this character are valid and not in violation of the United States constitution, and that as to checks and drafts drawn upon *state banks and trust companies in certain states*, the problem is pretty well settled. Similar statutes were passed in Alabama, Florida, Georgia, Mississippi, Louisiana, South Dakota, and Tennessee about the time of the North Carolina enactment, and in a number of states since. But everywhere, the problem still exists as to checks and drafts drawn upon national banks, and as to all checks and drafts not presented through a Federal Reserve bank, postoffice, express company or the responsible agents thereof.

There are many practical difficulties in the way of a fair and equitable adjustment of the exact duty and responsibility from bank to customer. The bank desires to escape liability for contingencies over which it has no control; it also desires to protect the customer against loss of his claim against the drawer or maker of paper, paid by a dishonored draft. Consider that the courts hold that the acceptance by a bank having a check for collection, of a draft in payment, releases the liability of the drawer, so that if the drawee bank remits by draft and it is later discovered that the funds in the Reserve center bank are insufficient to pay the draft, or the remitting bank fails after marking the check paid and charging the drawer, the result is a valid claim against the receiver of the failed bank and that's just too bad. The whole transaction should be carried out in some manner that will not discharge the drawer or maker of the paper, but, again, exactly how to accomplish that result, while authorizing the bank to take drafts in payment of collection, is anything but easy.

But the right of making most any saving provision by *contract* comes to our aid, and we are again impressed with the many beauties of a clear-cut agreement that fixes all duties and responsibilities. Since the sending of collections direct to the drawee bank is becoming more and more general, and authorized by direct statute in many states, it seems it would be entirely proper and competent for the forwarding bank, whether the initial bank or the one finally presenting to the drawee, to stipulate that unless paid in cash, the item was not to be considered discharged unless and until such other medium (such as drafts) were themselves paid in cash.

It is possible, therefore, to clarify this somewhat muddled situation considerably. By bringing to the attention of every customer the regulation that all checks and drafts on banks in other cities are taken for collection as the agent of the owner, who must authorize their collection by draft and agree that the initial bank and agents chosen by it are the agents of the owner, and then by the adoption of the universal rule among banks of making it a part of the writing by which items are finally presented to the drawee that drafts in payment do not discharge the item nor the drawer and maker until finally paid themselves, putting no reliance upon custom but seeing that all points of the agreement are clear, unambiguous and determining, no bank need be in doubt as to its exact liabilities and duties.

## It Has a Bright Side

ANYONE who thinks that keeping books and auditing is entirely as dry as dust makes a mistake. As a matter of fact a wideawake bookkeeper can see plenty of humor and humanity in his work particularly if he works in the financial district.

As for the keen analyst of annual reports he has to be a man of little imagination and humor not to get at least a smile every now and again when working on some reports and certainly he marvels at the items that appear every now and again. He has become used to digging into such items as "before depreciation," "after special reserves," "before fixed charges," etc., but a recent circular on a recent flotation sprung a funny one. Earnings of the company stated "before taxes and liberal payments to executives."—*Wall Street Journal.*



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## *The Eaitor's Inaorsement*

SIEUR Antoine de la Mothe Cadillac, sailing down the Great Lakes in 1701 with fifty soldiers and fifty Canadian traders, chose a beauty spot in the landscape which was also a commanding site for a fort, established a settlement there and called it Detroit (d'troit, the strait) on the river of constant level connecting Lake Huron and Lake Erie. He started something—not the least of which is the perpetuation of his name today on hotels, kewpie dolls, streets, automobiles, builders' supplies, beauty parlors, lunch rooms, theaters, roofings, machinery, butter and eggs and what not, to the length of a solid column in the telephone directory.

We never saw Detroit, or heard of it except very casually, until 1910, the year that really marks the beginning of the town's transition to a city. It marked, too, a momentous transition in our own life, we remember—a change in scene and trade, from the chemical laboratory to *Journalism*, the italicized, glorified goal of our youth's ambition. The slogan of the time, "Detroit, Where Life Is Worth Living," was felicitous. Though nobody made much money, nobody required much. One rented a very livable house for $40 and visited over the back fence with his neighbor. He could stretch full length almost anywhere and any time on the beach of Belle Isle, the city's magnificent island playground. Henry Ford had not established his minimum wage of $5 (1915) that's now $6. Julian Street had not yet written the magazine article that was to efface the old slogan and indelibly inscribe a new—"Detroit, the Dynamic."

THE census figures of 1910 foreshadowed the changing times. The town and the newspapers awoke to a realization that Detroit was growing up. Population had risen from 285,704 to 465,766 since 1900. In its sleep, as it were, the city had stepped up from thirteenth to ninth rank in the United States. The new dynamic spirit, however, took its impetus mostly from the automobile industry which in the next decade picked up from slow into second and speeded into high. It set the pace and carried with it many other lines of industry in which Detroit had led by a sort of common consent for years—drugs, stoves, seeds, copper and brass, paints and varnishes, adding machines, electrical appliances, and so on, all responding to a new power.

The years elapse—speed by. The overgrown town is a city of a million-and-a-quarter, fourth in population, second only to New York in wealth, first in wealth per capita. Dynamic, and romantic, Detroit, for its growth, measured in the statistics of business and industry, is indeed an absorbing romance.

Old Detroit, paradoxically, is young; founded in 1701, it dates from 1910.

Not that the city hasn't kept pace on the esthetic side, in music, art, drama, comfort, in living worth-while. It has, and much may be said for that, but not here. We are concerned here with the interesting story of the figures (page 10) which its author, Phil. S. Hanna, Detroit representative of the *Wall Street Journal*, conceives to be of chief interest to bankers and business men.

OUR cover shows upper Griswold Street, Detroit's street of finance, in transition. The two new banking homes in the foreground, designed by Albert Kahn, Detroit architect, are the Security Trust Company and the First State Bank. Both have been on "the street" for years, one of them on the self-same corner.


# The Burroughs Clearing House

HERBERT SHRYER
*Editor*

C. D. MACGREGOR
*Business Manager*

APRIL, 1925
VOL. 9 NO. 7


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WE'VE been reading a book. It's Laurence Stallings' "Plumes." It will madden the man who preserves illusions of the glory of war. It will incense the man fired by super-patriotism—my country right or *wrong*. It deals with war after the war. It pictures the wreck of the lives of the maimed in war. As a story, it is terrible; as a piece of writing, splendid. Whatever your emotional reactions, you will read it through. It is that kind of book.

Which reminds us—unfortunately it reminds us, and sometimes unpleasantly, of everything cropping up that has to do with soldiers and soldiering. The veteran of the World War deserves—has earned, in fact, a thousand times over—whatever of consideration and co-operation he can get from life. There's the matter of his war risk insurance, for instance, that right now is giving the banks their opportunity, which many are accepting. Unless he chooses to sacrifice further insurance protection from the government, he must convert his War Risk Insurance Certificate into a policy not later than July 3, 1926. Conversion will cost money, of course, depending upon the age of the veteran and the kind of policy he elects. A bank in Cleveland is recommending a monthly savings plan to meet the premiums after conversion. The plan is stated in a complete table of premiums required (age 25 to age 50) for all classes of policies together with a schedule of the monthly savings that will pay the bill.

The deferred bonus offers the bank another opportunity. The Liberty Insurance Bank, of Louisville, as you will see on page 26 of this issue, is offering safekeeping, free to all veterans in the territory, for their Adjusted Service Certificates. The certificates acquire a cash value in two years and are payable in full in twenty years.

H. S.




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Vol. 9, No. 7 — The Burroughs Clearing House — April, 1925

# Where Stocks Change Actual Owners

## The System and Significance of Transfer and Registry, One of the Biggest Departments of Wall Street Banking

*By* JAMES H. COLLINS

"WASHING Wall Street's Dishes," might be the title of this article—though I question whether my Transfer and Registry friends downtown would think it either pat or pretty. Yet that's what their work reminds you of.

A business man goes into a restaurant, eats lunch, and leaves the dishes without thinking what becomes of them.

On his way back to the office, he drops into his stockbroker's and orders him to buy so many shares of Broadandwall, Inc. Next day, after lunch he may sell them at a profit. The shares are—dishes. He hasn't seen them, yet they not only exist as tangible paper, but must be transferred twice as they change ownership. This transfer work, which includes registry in the name of the new owner, is done in special departments of downtown trust companies that are as busy as beehives after the stock exchanges close. Particularly when there are two-million share days on the "Big Board" like those after election, in the "Coolidge market."

Of all Wall Street's work, this is probably the least known. The stock exchanges, the stock ticker, the curb market, the clearing house, the subtreasury and assay office, the broker, bull, bear and lamb, are constantly being written about, but in books dealing with Wall Street and banking, you will find almost no reference at all to this very important job of recording the name and address of the new owner every time a share of stock changes hands, and issuing to him a new certificate of ownership. It is an important branch of banking, not simply in New York where the country's stock transactions center, but to bank men all over the country who forward stocks for transfer and to many who themselves act as transfer agents for local corporations.

Not long ago, the voters of Florida adopted a constitutional amendment which prohibits state income and inheritance taxes. This has started a movement of securities to that state, and with it will come transfer business for Florida banks.

On the New York Stock Exchange alone there are now listed more than $42,000,000,000 worth of securities, figured at par value, and the volume is growing at the rate of several billion dollars a year. There is not only an enormous business of this kind measured in quantity, but the ownership of stock is spreading out through the masses of the people, what with



The line after three o'clock at the Guaranty Trust Company

employee ownership, customer ownership and other trends of security "digestion." And it all makes work for Transfer and Registry.

It is so big, that it has become a factory process. Split up into many separate tasks, like the making of a pair of shoes with modern machinery. And done by machinery wherever possible—anybody who has a device that will make the process even more automatic, accurate and speedy, should find interested listeners among the men who run Transfer and Registry departments.

Let us begin with the A B C of it:

A corporation is organized, chartered and financed by the sale of its stock to investors. This stock is transferable as it changes hands, but must always be registered on the books of the company, in the name and with the address of the owner. Most corporations appoint a bank or trust company as agent for the transfer and registry routine, and generally a New York institution, partly because New York is the great center for securities, and also because a big Transfer and Registry department can handle the work better and at less cost, as it handles enough of it to justify quantity production methods.

Three great New York trust companies are famous for this work, the Guaranty, Bankers and New York, in the order named as to volume. For this service they have a sort of piece rate schedule that is pretty near standard—a dollar apiece for each new certificate issued up to 500, twenty-five cents each after that, so much more for rendering daily reports of transfers; ten cents for each out-of-town certificate mailed, and so on. The transfer institution often has the only list of stockholders of a corporation. It mails the dividend checks, annual reports, subscription notices and other things, charging so much per check or per piece.

FROM the revenue standpoint it is a profitable kind of bank business, though involving great responsibilities, and a kind of business that the sales force eagerly solicits, following up new corporations and corporation changes for prospects. A $100,000 corporation is not a very big one nowadays, but down to that point the salesman is keenly interested. There are corporations with a very small number of stockholders, but that doesn't mean that they are small. The proprietor of a great newspaper property worth millions of dollars once told me that his secretary held one share of the no-par stock, his accountant another, while he held the rest, adding "And there is never any discord at our annual meetings!" That sort of corporation also interests the salesman.

The advantages to a corporation of having this work done by a banking institution are definite. It lessens the risk of the corporation with respect to irregular issues, and to changes in statutes and rulings governing federal and state tax procedure; transfers from a deceased owner to an estate or beneficiary; the replacement of lost certificates; the present authority of a person signing under a power of attorney. The registrar also guards against overissue. In fact, the New York Stock Exchange requires corporations to have a registrar before their stock can be listed, and this registrar must be a corporation other than the transfer agent.

This being the Why and Wherefore, let's step into the factory and see it done:

The transfer windows look like a bread line along about three o'clock in the afternoon, when the stock market has closed, with rows of messengers or "runners" carrying bales of stock certificates. But the line is handled quickly. As each messenger reaches one of the windows he hands in his certificates, takes a receipt, and departs. Tomorrow, at any time after one o'clock, he can return and get the new certificate, but in the meanwhile a good many things have been done.

The first step is making certain that the transfer is legal, and it is here that the out-of-town bank man may encounter what seems to him unnecessary



The department in the Bankers Trust Company

formalities and "red tape." The certificate may be one reported as lost or stolen. So a "stop" list of such certificates is consulted, and if no irregularity is found, other details are verified. On the back of every stock certificate is printed a blank to be filled out by the owner in whose name it is registered, when he disposes of his stock to a new owner. This must be examined to see that the name is identical with that of the recorded owner. His signature must be guaranteed by a bank or brokerage house. New York State has a stock transfer tax of two cents per $100 face value, and there is also a federal stamp tax—stamps or sums to pay these taxes must accompany the certificate.

If the transfer is being made for a deceased person, quite a complicated situation may be created. There must be a certified copy of the will under which authority is held to make the transfer, and the executor or administrator must prove his authority with a certificate of appointment. Uncle Sam has an inheritance tax interest in the transfer, so the certificate must be accompanied by a waiver from the Internal Revenue Estate Tax Division at Washington. Practically every state has some sort of tax effecting such a transfer, and waivers must be secured from each state. Stock owned by a deceased person may be transferred in sale, or in trusteeship, or to the name of an executor or administrator holding for minors. At every step, authority must be proved by court orders, guardianship appointments, powers of attorney, certified copies of wills, and other documents. Stock cannot be transferred into the individual name of an executor without a court order, or an affidavit stating that debts and claims against the deceased owner's estate have been paid. When assignment is made by executors, a majority of them must sign, and when by trustees, all must sign. When the transfer is made in the name of a corporation, the authority of directors or officers must be proved—and so forth.

HERE is where the responsibility of the transfer agent looms large, for losses and litigation may arise from wrong transfers. The transfer agent assumes responsibility for making or refusing a transfer, but if one is refused without justification, the agent is liable for damages. Provide for all these technicalities, and then suddenly face a stock market boom that multiplies the number of daily transfers by three or four and you get some idea of the detailed work involved in this branch of banking.

"We are constantly receiving certificates from out-of-town banks without the necessary indorsements or documents," said one transfer officer, "and are constantly being criticized for delays and correspondence in connection therewith. If our out-of-town friends could sit with us here some afternoon and see why we demand all these apparently unnecessary things, and feel some of our responsibility, they'd undoubtedly give us better teamwork."

## The Size of a Dividend Job

**More than two tons of paper were needed for the checks sent out in paying the 141st American Telephone & Telegraph dividend last January. They went to more than 345,000 stockholders. Even though many labor-saving machines were used, the clerical labor required the entire time of fifty-five clerks and five supervisors during one month. Signing the checks twelve at a time with a pantograph signature machine took one person a whole week.**

**It is estimated it would take six bank tellers six months to cash all the checks over the counter at the rate of one a minute. In mailing, they filled one hundred mail sacks, and the post office requested that delivery be spread over three days before the actual mailing date to give postal clerks time to sort them for prompt dispatch.**

**The dividend on one share of A. T. & T. was $2.25 a share. The checks averaged about $58 each. Every part of the United States and nearly every foreign country was represented. Gathered together with their families A. T. & T. stockholders would populate a city larger than Detroit.**

Well, the indorsements and documents are all in order. The certificate is not stolen, lost, forged, raised or irregular in any other way. So the actual work of making the transfer begins. The general procedure seems to be about the same in different institutions.

First, details of the transfer are written on a "transfer sheet." Printed transfer sheets are used, bearing the name of each corporation for which the transfer agent acts. On the particular sheet of Broadandwall, Inc., or whatever the company may be, are written such details as the number of the certificate, the number of shares, the names and addresses of both the old and new owners, and the like. The next transfer to be made for that corporation follows on the same sheet, so that the many different stocks handled in the day's work are sorted out by corporations at this point. For some corporations, there may be only a half dozen transfers daily, while others will run to forty or fifty transfer sheets. These sheets are later copied and sent to the respective corporations, so that they receive a record of the transfers at the close of each day's business.

Then a new stock certificate is withdrawn from the deposit vault, the name of the new stockholder is written in, and the number of shares is cut in the margin by a safety device to prevent raising by forgery. Elaborate engraving and printing is employed in stock certificate forms to prevent counterfeiting and alterations—particularly by photographic manipulations—the lettering, vignettes and other portions of the certificate being so interprinted in combinations of lines and inks that the camera would give only a confused mass of lines and forms. The New York Stock Exchange is especially scrupulous in these matters, and it is part of its listing requirements that stock certificates be engraved and printed by concerns approved by the governing committee. The stock certificate is, in fact, so well protected that, with the additional safeguard of numbers and names, there is little chance for an irregular transaction to go through—it would be detected as quickly, by trained eyes and brains, as counterfeit currency.

BOTH the old and the new certificate are now checked back against the transfer sheet to verify all details, such as the spelling of names and the number of shares. The new certificate is countersigned by the proper person, and the old one cancelled with a perforating machine that marks it "void." Then both certificates go to the registrar, the old one being cancelled from the corporation's records, and the new one entered there. Both certificates are proved against the stock ledger, a name and address stencil is cut for the new owner and the old stencil cancelled unless the stockholder has retained some of his shares, in which case it is altered. Finally, the new certificates are proved with vault control, and are then ready for mailing or delivery to messengers.

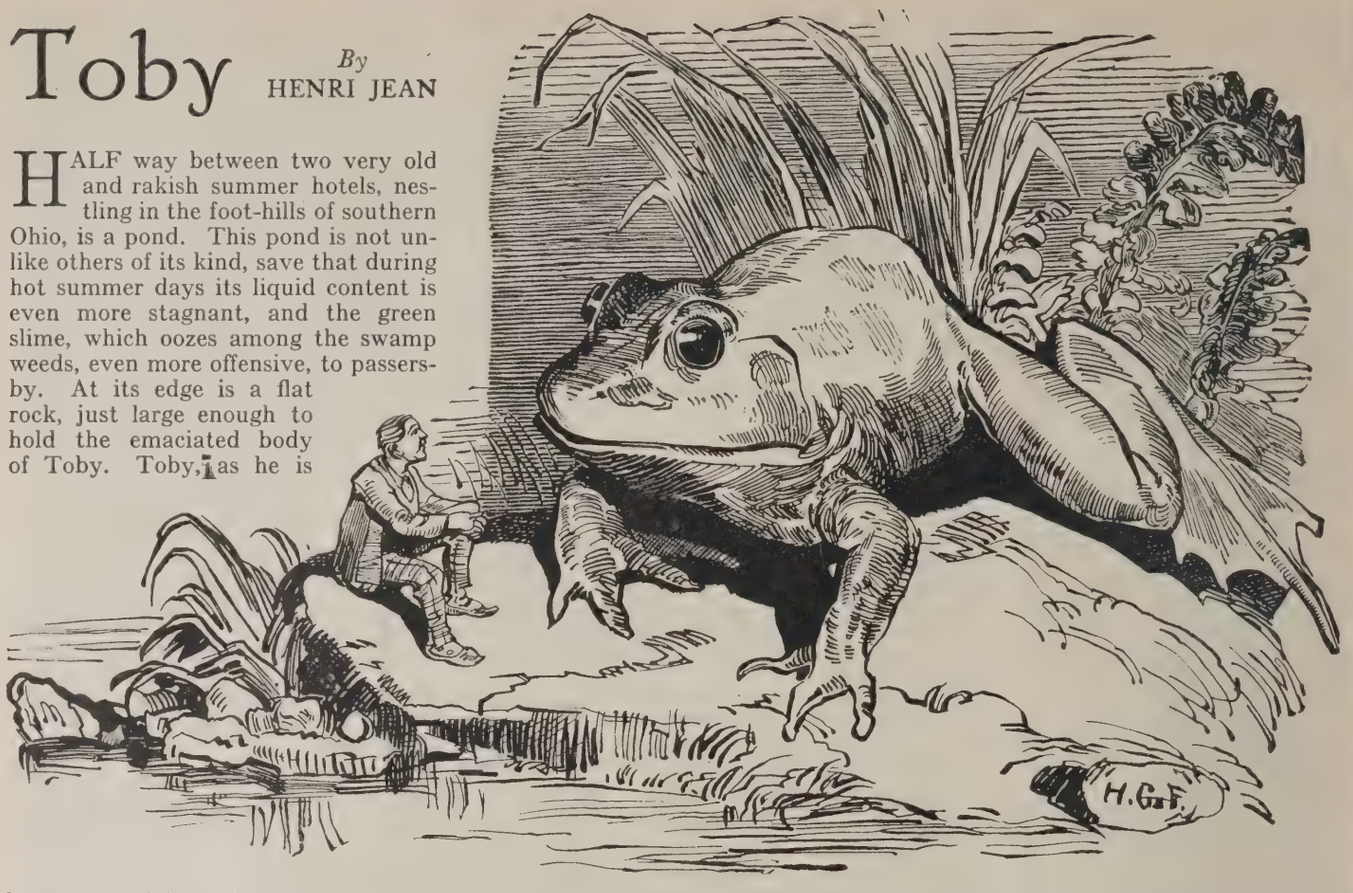
The old certificates are filed away for future reference, because questions may arise concerning the legality of the transfer, or amount involved in taxes. Any day, Uncle Sam may demand, "How many shares of Broadandwall were transferred to so-and-so on such-and-such a day, and what was their market value then?" On this account, cancelled certificates may be kept ten years or more.

Quite a problem in storage space! If the transfer agent did it, a good part of the financial district might become a vast morgue for cancelled stock certificates—not dead but sleeping, on the chance that one in a thousand might be needed for reference. Naturally, they cannot afford such an expense, or maintain the army of employees that

(Continued on page 36)

# Toby

*By* HENRI JEAN




HALF way between two very old and rakish summer hotels, nestling in the foot-hills of southern Ohio, is a pond. This pond is not unlike others of its kind, save that during hot summer days its liquid content is even more stagnant, and the green slime, which oozes among the swamp weeds, even more offensive, to passers-by. At its edge is a flat rock, just large enough to hold the emaciated body of Toby. Toby, as he is known roundabout, is a frog. And as frogs go, he has little in the way of physical charm to commend him. He has, however, arrived at an age when, if legends may be believed, even frogs may be credited with wisdom.

This particular legend, current these many years among the natives roundabout, attributes various human virtues to this aged denizen of Haskell's pond. Long before Eph Haskell bought Sam Crane's farm, which was about forty years ago, Toby was the outstanding subject of speculation around the general store barrel-stove in winter and among the guests at the springs in summer.

All this I learned from the proprietor of the hotel the evening of my arrival. After late train dinner I lit a cigar, repaired to the veranda of the hotel, stretched myself out in a low, comfortable rocker, and gave myself up to the atmosphere of my surroundings.

Presently I became conscious of a most unusual sound coming from somewhere up the road. "Scrlop!"—"Scrlop!"—"Scrlop!" With mechanical regularity came that incessant "Scrlop!" from out the night. Just as I had made up my mind to trace the source of the uncanny sound, mine host seated himself at my side. Inquiry soon brought forth the source of the sounds and with it the story of Toby.

Toby was reckoned to be over a hundred years old. Seventy years, and it could readily be proven, Toby had lived in Haskell's pond. And the most remarkable thing about Toby was that he could talk and that his observations were those of a philosopher. It had been asseverated by old Zeke Ellis, and with the certainty of conviction, that Toby had engaged him in conversation one dark night as he wended his way homeward from a meeting of the commissioners in Careyville.

"An', accordin' t' Zeke, et wuz a night jest about like this. Wouldn't be s'prised ef ol' Toby wuz t' wake yu up 'bout midnight to talk t' yu," remarked mine host as he rapped his pipe sharply on the porch rail, entered the hotel, turned down the oil lamp and shuffled his way up the creaking stairs.

CURIOUS lore, this, and about a frog. And his observations were those of a philosopher. This part of the narrative held for me great interest. Like many a bank man, the fancied limitations of a banking career had often imposed themselves upon my consciousness. Often I was unhappy. I was getting nowhere, I thought. Perhaps Toby, the philosopher, can point the way. Perhaps I can learn from him the inner secrets of success, of happiness. These thoughts possessed my mind as, a little later, I made my way to number six, second floor, having first been careful to carry out minute instructions to latch the door and turn out the office light. And with Toby still in mind I climbed into the creaky old bed and presently fell asleep.

* * *

"Scrlop! Scrl—" the wheezy old cuckoo on the mantel sang forth the hour of two. Outside the August moon hung white in the west; the katydids vied with myriad denizens of the surrounding underbrush, while a neighboring owl lent occasional organ-point to the symphony of strange discords. "Scrlop!"—the squeaking of wagon wheels grew fainter and fainter as—"Scrlop!"—it's Toby! He wants to talk to me! "Scrlop!"

"All right, Toby, I'm coming!" "Scrlop!" Down the dingy stairs I groped my way, on out into the roadway. "Scrlop!" I followed the sound, on and on, closer and closer, and presently—there he was, clearly visible at the base of a silvery shaft of moonlight, sitting on a flat rock on the edge of the pond. Carefully, quietly, I sat down beside him, fearful lest he should dive into the depths of the slimy pool. But fear possessed him not. His beady little eyes surveyed me with calm serenity as he lazily spread himself over the stone's surface. Presently his left eye closed while his right blinked as if in deep contemplation of the situation I had imposed upon him. Shifting his leathery old body to a more comfortable position, he looked up at me and demanded:

"What brings you here, my friend?"

"Toby," I gasped, "or is it—?"

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# What Says the Law on Bank Credit?

## The Boston Verdict, Contrasted With Other Opinion—That the Banks May be Sole Judge of the Safety of Their Loans

*By* ARTHUR F. McCARTY

THE newspapers of the city of Boston filled their extra-edition pages recently with black headlines announcing the result of a lawsuit that had been on trial for a year, during which the court sat for four days out of each week, the verdict being reached at the close of the 186th day of the trial.

The verdict was for more than *ten million dollars.*

The defendants were bankers and banks, big ones.

A case of considerable magnitude, you will agree, and one that deserved the attention paid it by the press, not only because of the enormous sums involved, but because of the points of law involved. There is scarcely any doubt that the case will ultimately find its way into the Supreme Court of the United States, and until that great tribunal has its final say on the merits and on the law, any attempt to analyze this great contest would be idle. But the legal talent arrayed on each side is of such ability and prominence, that such of the propositions of law as are capable of being examined are of exceeding interest to bankers.

Briefly, the plaintiff sued for damages for alleged loss of a huge business by means of combinations of banks which by their very power could make or unmake his business existence, and, according to a writer for the *Boston Globe*, one of the propositions of law advanced by counsel for the plaintiff was that banks do not have the right to withhold credit when to withhold it means ruin to the would-be borrower.

This newspaper writer recently gave a masterly analysis of the case, as tried in the lower court, in the pages of *The Nation*, in which he anticipated the tremendous and far-reaching results likely to flow from a decision upholding the judgment, and in his summing up, seems to believe that such decision will declare whether or not a bank, particularly a national bank, can withhold credit whenever it feels like so doing.

I repeat that I shall make no attempt at this time to analyze this case because the verdict is not yet settled law. But to all bankers who have read either the Boston newspapers or the article in *The Nation* I feel that I must say that the proposition advanced above is no less than preposterous. Whether or not counsel for plaintiff seriously advanced it I do not know, nor do I know whether, if seriously advanced, it was coupled with the principle of unlawful combination, that is to say, that banks may not *combine* to withhold credit. If the latter, there may be some strength in the contention, and it will remain to be seen exactly how much strength, when we are permitted to read the final determination by the high court at Washington. But the statements made herein are of settled law, I believe, which even the Supreme Court will not fail to take into account. In other words, in the absence of an unlawful combination or conspiracy, a bank may loan its money where the judgment of its officers say is best for the bank, and refuse to loan it where, in the same opinions, the contrary results are probable.

Of course, any person having a fair acquaintance with business transactions can imagine circumstances in which a bank might make itself liable by its acts for refusing credit. For instance, a manufacturer, desiring to expand, borrows a part of the funds required, with the agreement and understanding that the additional funds necessary to complete the addition and install the new machinery will be lent him as needed, and then, after tearing up his place and doing part of the work, the bank refuses to lend the rest of the money. Under such circumstances, the bank would be liable on its contract for such damages as its breach occasioned to the customer, but even then he would probably have to prove that all other avenues of credit were closed to him and that he relied upon the promise of the bank.

THE courts have been called upon in but few cases to try the right of withholding credit. In F. B. Collins Inv. Co. vs. Easley 44 Okla. 429, 144 Pac. 1072, where a mortgagor resisted the collection of the mortgage, on the alleged ground that the creditor had obtained it from her by threats of stopping her credit by telling people that she was not willing to pay her debts, it was held that threats to *injure* credit did not constitute legal duress or a menace, and she had to pay. Had the threat of the bank to stop her credit been actionable, certainly the court would have permitted her to offset her damages.

Vol. 9, Ruling Case Law, page 732: "It has been held that duress of property cannot exist without there being a threat to do some act which the party has no legal right to do," quoted in American Law Reports, Vol. 33. p. 128, in support of the proposition that to withhold bank credit is not duress. This writer by inference says that a bank has the legal right to withhold credit at will.

In a stronger case still, Coleman vs. Merchants Nat. Bank, 6 Ohio Dec. Reprint, 1063, a bank held a man's note, and he refused to pay it, since it was an accommodation note. The bank's cashier threatened him that if he did not pay the note he (the cashier) would destroy his credit in such a way that he could not get money at any bank in the town, and the maker of the note, terrified at the possibilities of such action, paid, but later sued to recover the funds, alleging that he had paid under duress. The court stated that whether the note was paid under duress was immaterial. "If the note ought to have been paid by plaintiff, it makes no difference whether it was paid under a threat or not, though it is hard to conceive that such a threat as this could constitute in law duress. Duress, to avoid a contract, must amount to a threatening of personal harm, or deprivation of liberty or of property. It was claimed that deprivation of credit was a deprivation of property. In a certain sense it is, but a mere threat of injury to one's credit cannot well be held duress in law."

NOW if a banker can threaten to ruin a man's credit with other banks and get away with it in court, would a court be likely to hold him liable merely for withholding the credit of his own bank? Or if by threat of withholding credit, a bank can compel payment by a debtor, how much less is the bank under obligations to one not under contractual relations at all with it?

I should not be understood as suggesting that it is safe for a banker to make threats of the character above described, or to do acts such as were threatened; a wanton injury to a man's credit would doubtlessly he held actionable as any wanton injury to person or property—for a man's credit in these days is part of his reputation, and a man's reputation may not be attacked with impunity.

It will be noted that the cases I have discussed deal with the question from the standpoint of duress; that is because I have been able to find no cases where the right of a bank to refuse credit when and where it will were ever litigated. And naturally, for such a

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# The Fourth City—Second in Wealth

## The Interesting Statistical Story of Detroit's Expansion in Diversified Lines of Industries That Lead the World

By PHIL. S. HANNA

DETROIT, fourth in population among American cities, now ranks second in the aggregate amount of federal tax collections, and, on the basis of population has the greatest income and earning power of any large city in the world. These are strong statements but they are borne out by federal statistics. In fact Detroit now surpasses even New York in point of property valuations per capita.

Figures recently released by the internal revenue department show that Detroit contributed $207,131,389 in federal taxes for the twelve months ended June 30, 1924. This record is exceeded only by New York which paid $369,753,605, and is followed by Chicago which ranked third with $198,287,627, and by Philadelphia which ranked fourth with $164,704,047.

Detroit furthermore had $2,046 of property valuation for every inhabitant against $1,924 for New York. The assessed valuation of Detroit property is $2,455,327,680 which, when divided by an estimated 1,200,000 population, of Detroit proper, is $2,046 per capita. New York's total property valuation for 1924 was $11,579,985,645 or at the rate of $1,924 per capita when divided by estimated population of 6,015,504 for 1924 (World Almanac).

In order to establish a common basis of comparing the income per capita of leading cities, the population figures as of the 1920 census have been divided into the tax collections for the government's fiscal year which ended June 30, 1924. The computations show that Detroit leads every large center in the United States. Detroit's per capita figure is $208.59 against $90.34 for Philadelphia, $73.41 for Chicago and $66.58 for New York. A more graphic illustration of these relations is given in the table on page 12.

It may be noted here that Detroit, while second in total federal taxes collected and first in collections per capita, ranks but fourth in population. A recent count by the R. L. Polk directory publishers places Detroit's 1925 population at 1,398,850 including Highland Park, Hamtramck and closely contiguous suburbs, but owing to the likelihood that Philadelphia has probably passed the 2,000,000 mark by this time, there is no reason for expecting a change in the population rank of the first four cities.



PHOTO BY SPENCER & WYCKOFF

The business section from the air

These figures are so astounding (even to dynamic Detroiters who are accustomed to the use of superlatives in discussing the glories of their city) that it may be of interest to go behind the scenes and examine into the reasons for these phenomena and learn something of the banking machinery which has been developed to handle the huge sums constantly flowing into and out of Detroit as well as the banking machinery used in Detroit itself.

In 1923 the Ford Motor Company paid $14,449,673 income taxes, which is but 15 per cent of the $94,234,249 listed as income taxes collected in Detroit. But the Ford Motor Company is of course, a very large contributor to the federal tax fund, with its business running in total sales of around $1,100,000,000 a year, of which about 10 per cent is truck business taxed at 3 per cent and the remainder passenger car and parts business taxed at 5 per cent. Taking truck business at an estimated $110,000,000 total, the 3 per cent tax would be $3,300,000. On the remaining $990,000,000 of business taxed at 5 per cent, the taxes would be in neighborhood of $49,500,000, making together $52,800,000, the amount collected by the federal government for "war taxes" on sales of Ford cars and trucks.

THE foregoing total of $52,800,000 is slightly more than half of the total "war taxes" collected on automobiles, trucks and tires sold in the Detroit district and it furnishes in an interesting way a yardstick for comparing the relative size of the Ford industry in Detroit with other automotive industries in that city.

Of course, there is a vast amount of



The skyline from the Canadian

factory space in Detroit given over to producing parts for the Ford company and if a close approximation of the proportion of Ford business to production for the other automotive companies were to be made, there would have to be some allowance for those industries supplying Ford but from which the government collects excise taxes direct. Kelsey Wheel Company, Briggs Manufacturing Company, Motor Products Corporation and several hundred other concerns devote about half or more of their capacity for Ford work. Doubtless, if a careful study were made of the entire situation in this regard, it might show that 60 or even 65 per cent of the federal taxes on motor vehicles and partsmanufactured in Detroit are directly or indirectly paid ultimately by consumers of Ford vehicles.

On the other hand, a compilation of the annual sales of leading motor car manufacturers in the Detroit district other than Ford Motor Company, indicates that the aggregate business of the other automotive concerns quite nearly approaches the Ford total, as shown in the table on page 12.

TO GIVE a more graphic picture of the source of the $207,131,389 federal taxes which were collected in Detroit during the twelve months ended June 30, 1924, there is tabulated, page 12, (1) the total collections; (2) the amount collected from the automobile industry on passenger cars, trucks, tires, etc.; (3) income, corporation taxes, (4) miscellaneous, and (5) federal inheritance taxes. For purposes of showing the growth of both the total collections and the growth in the motor industry, as reflected by larger "war tax" collections, the table is continued downward for several years back to 1918, the year when so-called war taxes were first levied. The figures for the government's fiscal year ended June 30, 1912, are also shown in order to give a comparison with the period before income taxes, and, as well, to show Detroit's growth. In 1912 the total production of passenger cars and trucks was 265,000 against 4,010,000 in 1923.



PHOTO BY WILLIAM A. KUENZEL, DETROIT NEWS

Woodward Avenue, south from State Street

Inasmuch as the motor industry pays roundly $158,000,000 to the federal government in taxes, it is interesting to note that the $95,817,013 paid in Detroit is a fair measure of the proportion of motor business done in Detroit. The ratio works out very close to 60 per cent.

It may also be of interest to note, in passing, how greatly the source of federal income has shifted since 1912. In that year 91 per cent of the total collections, or $5,802,801 out of a total levy of $6,449,694, came from stamp taxes on beer, spirits, tobacco, etc., whereas in the twelve months ended June 30, 1924 almost an identical percentage, 91 and a fraction, came from levies on automobiles and the profits of corporations.

But while Detroit owes its very remarkable growth (285,704 according to the 1900 census—when the motor industry employed fewer than 1,000 men—to 993,678 in 1920 when more than 150,000 men were directly employed in manufacturing automobiles) to the motor industry, there are signs now of a tendency toward greater diversification. Within the past two years, large scale steel manufacturing has been introduced in Detroit. The primary purpose of the builders of the new plants has naturally been to supply the motor industry, but the advantages of being located within a great steel consuming market is bringing manufacturers of other than automobiles and automobile parts into the district, and is supplying the steel and brass mills with a wider market. The cropping up of small plants producing screens, small tools, office and store fixtures, garden and tree trimming tools, tinners' snips, metal clothes lockers, etc., is a surface indication of a future demand for a wider range of steel products than are now being produced in Detroit. One manufacturer who has produced steel sheets exclusively for automobile bodies, plans adding a line of lighter sheets for the toy, stove, metal furniture and similar industries that are located both in Detroit and throughout the lower peninsula of Michigan.

IT IS entirely conceivable that the Ford Motor Company, now building a huge rolling mill and planning eventually to build open hearth furnaces for the production of its own steel ingots, will have surplus capacity which will be devoted to producing steel for railroads, agricultural machinery, structural steel, bars, shapes, wire, nails, and kindred products.

But while the mercurial growth of the motor industry has been an unparalleled sensation in industrial history, it should not be forgotten that the original foundation on which Detroit business was first established as an industrial center has also been growing.

Industries such as Michigan Stove Company, Peninsular Stove Company, Detroit Stove Works, Detroit Vapor Stove Company, produced twenty years ago more than half the total



shore of the Detroit river

stoves and furnaces consumed in the country and they continue to hold that ratio today, having kept pace with the growth of the country. The Burroughs Adding Machine Company, the world's largest producer of computing devices, bookkeeping machines, etc., is a leading Detroit industry, and is rapidly growing. Its business exceeds $30,000,000 annually. Parke, Davis & Company, another old Detroit industry, is the world's largest drug and pharmaceutical house. Frederick Stearns & Company, also a nationally known pharmaceutical house, is another of Detroit's older industries. D. M. Ferry & Company is the world's largest business in seeds.

There are two very large copper and brass rolling mills in Detroit. Both have been greatly helped by the rise of the automobile industry which uses a considerable volume of copper and brass products but over half their business is still with concerns outside of Michigan. These, with eighteen smaller brass works in Detroit, are doing a business of $60,000,000 a year or one-fifth of the nation's copper and brass business.

One of the more recent instances of diversification is the growth of the business of the United States Radiator Corporation, whose principal offices and plants are in Detroit. This concern is now doing a business of upwards of $10,000,000 a year producing cast-iron boilers and radiators. Another growing industry is the production of refrigerating machinery for residences, boats, railroad cars, etc. The Kelvinator Corporation, producing the well-known Kelvinator, has doubled its business every year since 1921.

The manufacture of steel reinforcing materials for concrete construction, metal lath and metal shingles, wire meshing, waterproofings, asbestos shingles and kindred building accessories has long been an important Detroit industry. One of the principal plants of the well-known Truscon Steel Company, producers of these products, is in Detroit.

Production of paints and varnishes has long been a prominent activity in Detroit of which such nationally known firms as Acme White Lead and Color Works and Detroit White Lead Works and Boydell Bros. White Lead and Color Company are the leaders.

Vacuum cleaners and electrical heating devices are produced in Detroit in very large quantities. The American Electrical Heater Company is the world's largest producer of electric flatirons and similar devices and the Eureka Vacuum Cleaner Company ranks well toward the top as a producer of that very useful household device.

IF THE industrial circle which surrounds Detroit were to be examined carefully, the list of industries and products would become so great that adequate description of each would require a very large book.

Furniture is produced at Grand Rapids, pottery at Mt. Clemens, refrigerators at Greenville, furnaces at Holland, paper at Kalamazoo, Monroe, Port Huron and Detroit, chemicals at Midland and Wyandotte; there are nearly 100 cement producing plants, the silk mills at Belding are famous the world over; leather is manufactured at Grand Haven—one hardly knows where to stop, so numerous and varied are the products of Michigan.

Chicago did not go back when its leading packing houses got into financial difficulties following the decline in both profits and volume occurring in that industry—and to those who may wonder what is in store for Detroit if the automobile industry begins to wane, the following thought is suggested: In the final analysis Detroit's chief product is individually controlled power. Henry Ford has created 200,000,000 horsepower of which 140,000,000, represented by 7,000,000 Fords, is still in the hands of the public and the total is still growing. The other companies, considering

(Continued on page 30)

### Total and Per Capita Collections

| | Population 1920 Census | Int. Revenue Collections 12 Mo's ended June 30, 1924 | Collections Per Capita |
|---|---|---|---|
| New York | 5,620,048 | $369,753,605.50 | $66.58 |
| Chicago | 2,701,705 | 198,287,627.12 | 73.41 |
| Philadelphia | 1,823,779 | 164,704,047.90 | 90.34 |
| Detroit | 993,678 | 207,131,389.50 | 208.59 |

### The Business of Motor Companies

| | | | |
|---|---|---|---|
| Packard Motor Car Company | $ 46,000,000 | | |
| Hupp Motor Car Company | 30,000,000 | | |
| Studebaker Corporation (half of $135,000,000 gross) | 60,000,000 | | |
| General Motors Corporation | 560,000,000 | | |
| Maxwell Motor Corporation | 80,000,000 | | |
| Hudson Motor Car Company | 110,000,000 | | |
| Paige-Detroit Motor Car Company | 25,000,000 | | |
| Miscellaneous | 25,000,000 | TOTAL | $ 936,000,000 |
| Ford Motor Company | | TOTAL | $1,100,000,000 |

### Federal Taxes Collected at Detroit, 1912 to 1924

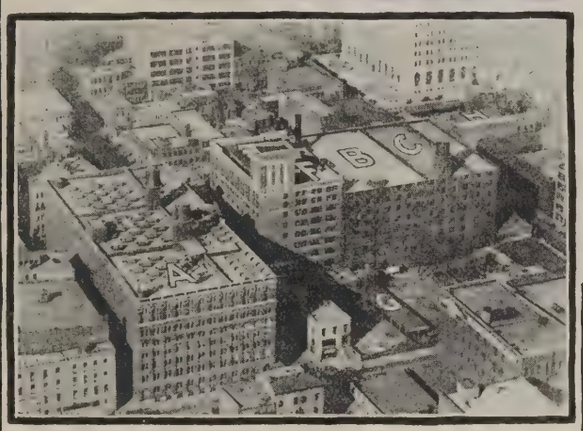
| 12 mos. ended June 30 | (1) Total Collections | (2) Auto Excise Etc. | (3) Income Corp. Etc. | (4) Misc. | (5) Estate Taxes |
|---|---|---|---|---|---|
| 1924 | $207,131,389 | $95.817,013 | $94,234,249 | $13,796,438 | $3,283,688 |
| 1923 | 175,142,463 | 78,958,378 | 79,743,619 | 13,172,342 | 3,268,123 |
| 1922 | 182,102,205 | 50,120,849 | 96,497,591 | 18,189,966 | 17,293,798 |
| 1921 | 245,198,048 | 53,780,474 | 162,611,516 | 24,230,617 | 4,575,490 |
| 1920 | 258,636,659 | * | * | * | * |
| 1919 | 119,178,512 | 11,690,614 | 78,465,328 | 18,796,726 | 1,225,841 |
| 1918 | 88,301,507 | 14,711,273 | 58,610,263 | 16,045,653 | 934,317 |
| 1912 | 6,449,694 | a 5,802,801 | b 616,619 | 30,273 | |

Notes: * Distribution of the 1920 total not obtainable.
a Represents taxes collected on beer, spirits, tobacco, etc.
b Represents the taxes arising under 1909 corporation tax law by which corporations paid 1% on net income over $5,000 net.

### First Twelve Cities in Building

| City | 1924 Rank | 1923 Rank | 1924 Total Permits | 1923 Total Permits | Gain | Loss |
|---|---|---|---|---|---|---|
| New York | 1 | 1 | $853,270,328 | $791,067,905 | $62,202,423 | |
| Chicago | 2 | 2 | 296,893,985 | 329,604,317 | | $32,710,332 |
| Detroit | 3 | 4 | 160,064,825 | 129,662,711 | 30,402,114 | |
| Los Angeles | 4 | 3 | 150,147,516 | 200,133,181 | | 49,985,665 |
| Philadelphia | 5 | 5 | 141,737,460 | 122,650,935 | 19,086,525 | |
| Cleveland | 6 | 6 | 63,014,500 | 69,390,540 | | 6,375,640 |
| San Fran | 7 | 8 | 57,852,972 | 46,686,622 | 11,166,350 | |
| Boston | 8 | 10 | 53,031,931 | 40,626,352 | 12,405,579 | |
| Baltimore | 9 | 12 | 45,771,050 | 37,590,401 | 8,180,649 | |
| Washingt'n | 10 | 7 | 45,525,128 | 49,623,605 | | 4,098,477 |
| Milwaukee | 11 | 11 | 45,375,542 | 39,007,845 | 6,367,697 | |
| St. Louis | 12 | 9 | 39,831,639 | 41,443,755 | | 1,612,116 |









Detroit leads in many lines of industry. Pictured here are a few of the largest companies

At the top is Parke, Davis & Company, world's largest pharmaceutical house. Just below it, on the left is the largest seed business in the world, D. M. Ferry & Company, and, on the right, the world's largest producer of stoves and ranges, the Michigan Stove Company

The General Motors Building in the center, one of the three largest office buildings in the world, houses the general offices of the General Motors Corporation

At right is the Highland Park plant of the Ford Motor Company, and at the bottom, the Burroughs Adding Machine Company, world's largest in its line






# Meet An Old Friend, Per Item Cost

## Its Value is Dependent Upon Strictly Controllable Factors of Volume, Equipment, System and Personnel

*By* Hy. W. SANDERS
Citizens National Bank, Los Angeles

MANY young men fail to recognize Opportunity because she goes around disguised as Hard Work; and many bankers fail to recognize "per item" entry on the account analysis as their old friend, Expense Account. It would seem as though it is one thing to spend thirty years squeezing the nickels in the expense account till the buffaloes on them bellowed in misery, and quite another thing to assess the cost of operating an account and set it off against the earnings of the loanable balance. In point of fact there is no real difference between the expense account and the per item cost; only we are just finding out how to reconcile the figures.

Every banker is keenly interested in saving money on the expense account, and when the per item cost is reduced, that desirable object is attained. This article, however, is written from the viewpoint of the analysis department, and we propose to consider the cost of handling items through the system from the point of view of the analyzed customer, rather than the analyzing banker.

### *What About Overhead Cost?*

The analysis department has become well established in the larger banks, and discussion at the present time runs rather in the direction of methods and the practical use of results, than towards the desirability of analysis as such. Methods seem to be approaching standardization, with a fixed and arbitrary "per item" charge against checks deposited and drawn, and improvement of methods has run more toward the elimination of detail, the use of averages and "short cuts" or other changes in the direction of operating efficiency, than to a deeper examination of the elements of cost entering into the analysis charges. To use a homely simile, we have been sweeping the house up and putting it in order, instead of examining the foundations upon which it is built. These tendencies towards freezing the "per item" charge into a set amount, and towards eliminating overhead in calculations leading thereto, are brought out rather clearly in an article in the *American Bankers Association Journal*, for January, 1925, by O. Howard Wolfe, chairman of the committee on analysis, Clearing House Section, American Bankers Association. The article is described as "comprising the findings and thoughts of the committee," and the subject as "one that is growing in importance as the number of accounts increases, and the habit of writing checks grows." So it may fairly be taken as the most up-to-date statement on analysis available, and we turn to it with much interest to see what they have to say on "per item" cost. As we pointed out in an article in *The Burroughs Clearing House* in February, it makes a great deal of difference, in analyzing a large and active account, what amount you assess "per item" to carry the operating expense.

Here is what the A. B. A. committee have to say about it, and we have put the last sentence in italics, for that is the meat of the matter: "Many banks go to extreme lengths in ascertaining the exact cost of paying a check, collecting a coupon, or even writing an answer to a credit inquiry. We are not here concerned with that particular kind of analysis. We can, however, take advantage of the results of a part of this detailed analysis by other banks to the extent that it enables us to determine within reasonable limitations the cost of handling checks. The outside limit of this cost may be fixed at three cents an item. It may be urged that many banks have cut this expense down to two cents an item or less, but the spread between the figures given by one bank as compared with another, usually is the result of the difference of opinion as to what items should be included in overhead costs covering check collection. That is to say, what share, if any, of officers' salaries, floor space, etc., must be taken into account in the calculation. Estimating overhead applies equally to other phases of analysis to the point of making the process unreliable, except in the hands of experts. *It is suggested therefore that it is better to eliminate overhead altogether, except in so far as it applies to the handling of checks. As indicated above, this cost may be set down as three cents an item, with the assurance that that figure will amply cover all costs.*"

So here we are confirmed in our opinion that overhead is not a factor in "per item" cost except as it directly applies to the handling of checks. For example, the cashier devotes part of his energies toward supervising the handling of checks, and part to other matters: we will therefore only charge against activity the proportion of his salary which we think represents the time spent for this purpose.

However, when it comes to placing a fixed charge of three cents an item on the ground that that figure will "amply cover all costs," it seems that the matter is open to some discussion. We may be offered accounts that we would like to have, and that would move to us from other banks. If we can do better than they, why should we not take them?

### *Effect of Competition for Business*

Banks are continually competing for business, and this is entirely right and proper and following sound American traditions and economics; and the only place where we have any right to interfere with the natural workings of competitive law, is where we feel that they may result in banking practices that are questionable. For example, it is not good that banks should compete by offering increased rates of interest for money, for we have abundant experience in the past that a high rate on deposits compels bankers to look for earnings on their loans and investments that will pay these high rates of interest, provide as well for the bank's operation and earn profits. However plausible the arguments in favor of this may be, we know practically that sooner or later comes a smash and everybody suffers. In just the same way we know that competition is not a contest to see who is the best skater on thin ice in the matter of loaning money. However badly we may need the revenue, the security behind the loan must be considered in a quite impartial light and safety must decide the issue. In the same way again, we all know that it is sound banking to place our loans where there is a definite source of repayment in sight; in fact, that loans should be self-liquidating. In all these cases the protection of the public interest is a higher and more binding duty upon a banker, than the duty he owes to himself and his stockholders of expanding his business by competition with other banks.

However, where no question of the soundness of banking method is involved, we must compete, as has been often stated, on one and only one ground, namely service to customers. Hence our insistence on courtesy, promptness, accuracy, and all the rest of the banking virtues. In recent years, moreover, a new virtue has come to

take its place among the others, and its name is *efficiency*.

*Efficiency a Factor in Cost*

If we can introduce efficient methods, and cut the cost of handling items in half, it is mighty poor service to our customers and stockholders to turn accounts out-of-doors, turn down their loans, or otherwise discipline them, because their accounts do not appear profitable when measured by the yardstick called "three cents an item," if in practice we are handling the items for much less. Service lies in the other direction, and we should, if need be, give the benefit of the doubt to the customer.

Therefore it is highly desirable to examine all the factors in "per item" cost with particular reference to the possibility of reducing them, and thus far all we have done is to decide that overhead is not a factor. That means we shall not ask you whether or not you are using expensive city corner real estate for work that could be done on the nineteenth floor of an outlying building. Neither shall we ask you if you need all the vice-presidents you have now, or whether your foreign department is spending too much on sealing wax. We shall confine ourselves strictly to costs involved in the handling of items, and if we feel that we can shoot holes in that three-cent figure, we shall feel quite justified in accepting business the other fellow has turned away, because his analysis department clings to the arbitrary charge.

*The Volume of Work*

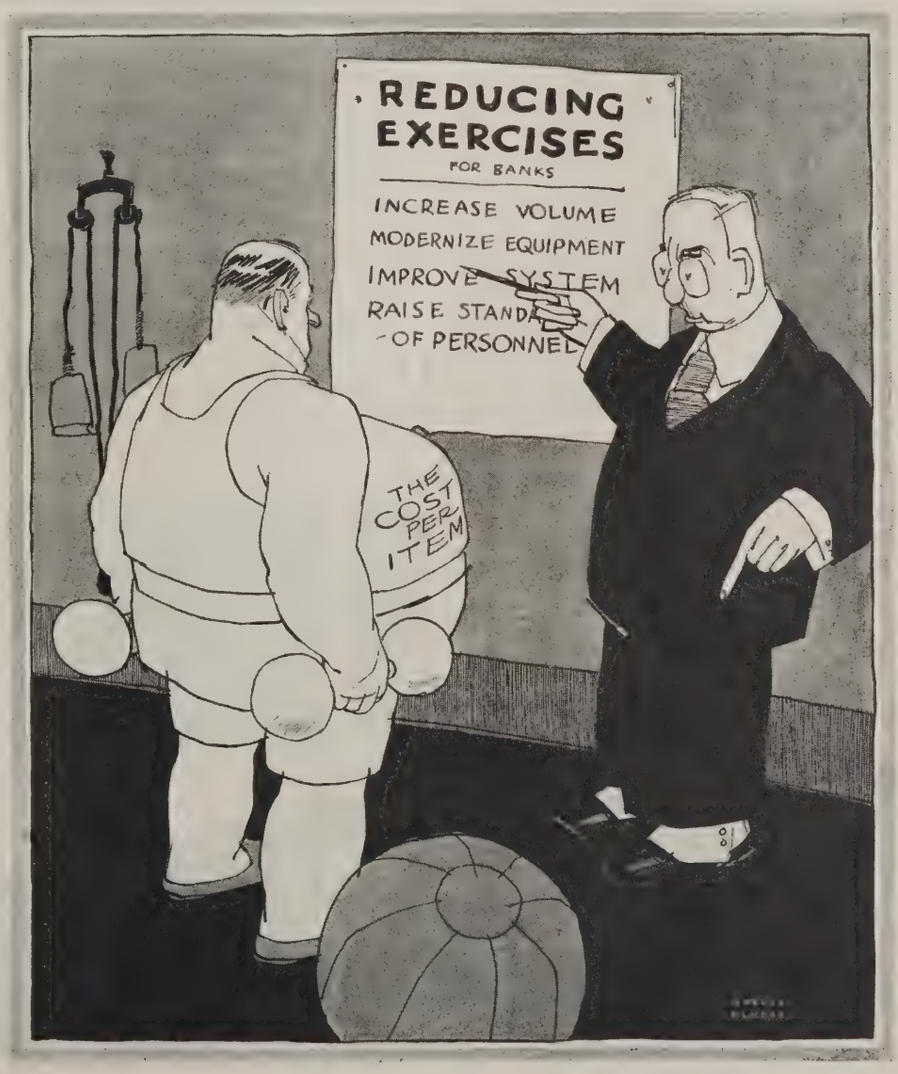
In any calculation of the costs of producing, distributing, or processing any kinds of articles, the volume of work is of primary importance. Henry Ford is the supreme example: we have seen him reduce the price of his traffic-congesters year by year, and turn out a car that is steadily improved. At the same time, wages and taxes and costs have been on the increase. How does he do it? By increasing output. Last year the public bought the cars at the rate of 250 per minute, day and night.

Handling checks is not just like making automobiles, but we will take another example where the same principle applies, and where the actual work is more comparable to the work in the mechanical end of the bank. That business is the laundry. Up to the point where the machinery and help are fully occupied, a laundry loses money. Then when it passes a certain point it may become a highly profitable concern. The machinery and methods are just about as much standardized as the mechanical end of banking; and the laundries must compete with one another on the basis of service as we do. When you send your collars to be sharpened, you do not want to get back the other fellow's, and you want the collars back quickly and nicely finished. A little thought will indicate that the analogy between the laundry and the bank will hold good, if we can remember that in the bank the profit is earned indirectly through loaning money, and the work done gratuitously.

So if the laundry finds that its costs decrease with the increase in the volume of business, so in the bank. In point of fact it applies universally in all business. We make fuller use of our machinery for one thing. We have a larger staff and can study the individuals and place them where their best talents come into play. We can develop jobs where the beginners can learn without balling up the work. We will get a constant stream of applicants for positions and can select those best suited to our needs. With a big steady load we can speed up the work to carry the load at a cost that is only an infinitesimal fraction of the costs of production in a little bank that handles only a few items. This is a most important factor in considering the expense "per item."

In almost everything there is a right way and a wrong way, and in many things there is a right way and a righter way. Most bank systems grow by a system of multiplication of some simpler arrangement; it is all right, but a careful study of the essential operations will sometimes enable the executive to consolidate a number of operations. For example, in our bank some years ago, remittance or out-of-town items were charged by the cages to the Transit Department, there sorted and run and charged to the sets, and again sorted and written up by the sets—the latter each having charge of a territorial unit for transit purposes. Now we are able to sort first, over a large part of the work, and then prove by running all of one class directly on the Federal Reserve letter. This saves one handling on an average of 10,000 items per day.

Again, in banks, the desks and chairs and other furniture usually have accumulated through a series of years of growth, and rarely fit conveniently into modern systems of office routine. An inch or two in the height of a sorting rack may make a difference of 25 per cent in practical sorting efficiency.



Executives who wish to save money should make charts showing the journey traveled by a check through their Transit and Clearings Department, and they will soon find they have to throw out some of their obsolete equipment to cut out steps and shorten distances.

Systems should be designed to facilitate the striking of frequent balances. In many banks they go ahead and accumulate masses of figures before a balance is attempted. Then if there is an error there is much delay in checking for it. Work should balance at every stage by keeping the runs as small as is possible in respect to the number of sorting divisions. Units or sets should balance several times a day, so that if they are out, the difference can be located. Sorting racks should be labeled, and lists of "points to be remembered" should be posted where they can be clearly legible without eye-strain. Work should be equitably divided among the staff.

*The Personnel Element*

After all, however, more important than system or equipment is the human element. The largest item on our budget is salaries, and it is right here that we have it in our power to reduce item costs. Provided we have the volume, and reasonably efficient systems, we can raise to a remarkable extent the amount of work done, per employee, by studying the matter of morale.

In banking we inevitably suffer from rush hours and peak loads, and our test comes on the busy days. Our strength must be sufficient at all times to carry us over our peak load; then the rest of the time will be easy. Morale among the staff will give them the will and the spirit to shoulder the burden at the critical time and thus greatly reduce our expenses through the slack days.

How to get it? Why, use people right! Give them comfortable places to work, with good ventilation and proper lighting. Require an eye-test of all employees before you hire them, and you will eliminate at the very outset a vast amount of suffering that now occurs through avoidable and unnecessary strain of the eyes. Treating the employees with consideration and courtesy and encouragement where encouragement is justified, and occasionally firing those who do not qualify, will do wonders with the work.

We are dealing with individuals, and every one has peculiarities of his or her own. The bigger the organization the harder it is to keep track of the employees, but at the same time the easier to find for each one the work that exactly suits. Some of the big banks now employ personnel directors for this very thing. The smaller banks cannot do so, but every executive in charge of staff should learn the principles of personnel management and the maintenance of morale.

Just to indicate the vast importance of personal comfort, let us quote in closing from an engineer who writes in the *Bank Director* on the subject of ventilation. He says "To get efficiency from the bank employees and to make it a place where customers like to visit, provision must be made for replacement of used air every few minutes; failing this, the bank will pay salaries for a week's work and only get a proportion of that amount of efficient service from its employees."

To sum up: the cost "per item" is dependent upon factors of volume, equipment, system, and personnel—all of which are strictly controllable and may be computed without reference to the overhead costs of the bank.

## Stock for Employees

OF UNUSUAL interest among January meetings of bank stockholders in the Northwest was that held at the Northwestern National Bank of Minneapolis on January 13 at which were represented nearly one-third of the employees of the bank and its affiliated organization, the Minnesota Loan and Trust Company. The bank's policy of extending ownership to employees was greatly facilitated during the first two weeks of January, according to E. W. Decker, president of the bank.

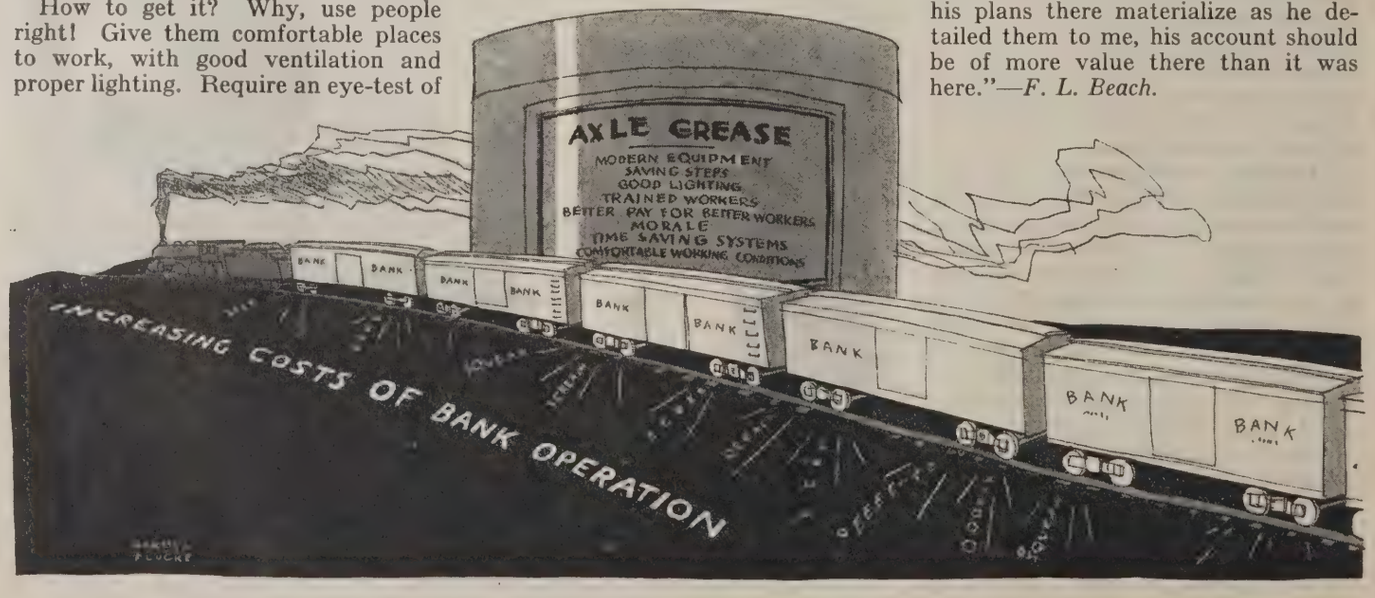
During that time, officers and directors have made available for employees a block of 493 shares, at less than market price. In addition, 364 shares were taken over by the executive officers, bringing the total redistribution to 857 shares. This procedure, combined with the bank's new policy of placing depositors on a stock ownership basis, has more than doubled the number of shareholders in the past eighteen months. In July 1923 the stockholders numbered 780. Today there are 1,571, of whom 1,231 are residents of Minneapolis, Mr. Decker said.

The bank's method of placing a larger proportion of share ownership in the hands of employees and depositors, as explained by Mr. Decker, has been to secure options on holdings of stock, as they become available, and to induce large shareholders to release portions of their holdings. The average number of shares owned by each stockholder in the Northwestern National Bank has been reduced from fifty-one in July 1923 to twenty-five at the present time.

## The Diplomatic Note

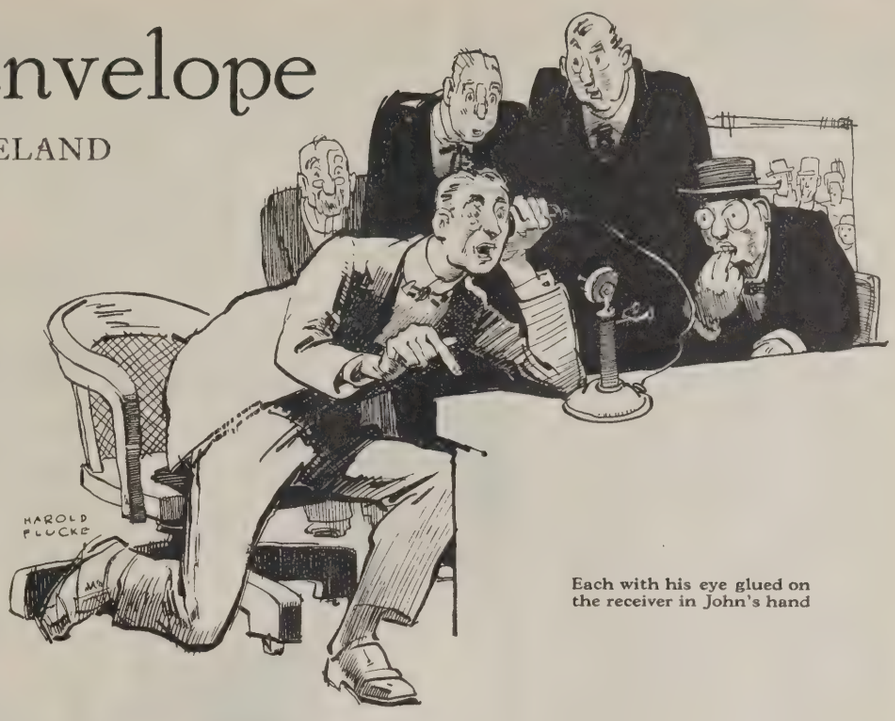
THIS reply came from a far-Western bank cashier; "We have your letter of September fifth with signature of J. S. Doe, which corresponds with the signature of J. S. Doe in our files.

"Mr. Doe called at the bank and advised me that he was leaving for your city to engage in business. If his plans there materialize as he detailed them to me, his account should be of more value there than it was here."—*F. L. Beach.*



# The Iron Envelope

*By* FRED COPELAND




Each with his eye glued on the receiver in John's hand

HAD Director Clutchbill been possessed of a Bermuda onion or some equally nose-cringing cosmetic, Cashier John Atwood of the Ferndale National Bank would not have been found at the bank one April night with almost the total population of Ferndale village gaping at him through the street windows.

Woven fitfully through the balancing of the cash and closing of the bank that memorable April afternoon, Director Clutchbill had been seen at odd moments. He had been in and out of the bank a half dozen times. Twice he had removed his safe deposit box from the vault and irritated its comfortable contents with a torpid hand. At one of these times John had examined the old director's bushy eyebrows and judged him asleep. He had spoken politely only to see Mr. Clutchbill start suddenly and shake his gray mane. It was evident the drowsy haze on the April hills had brought the usual spring fever to the valley of Ferndale.

At 3:30 the vault bus with the ledgers and other books had been trundled into the vault. It was a tall steel vehicle grained in dark imitation of mahogany, and once in place in the vault, it effectually screened the darkened interior, although a thin man could easily squeeze by it to the region of the cash chest and safe deposit nests.

About a half an hour after running in the bus, John looked about the banking rooms and asked if Director Clutchbill had gone out. He was answered by Willie Dexter, the teller, who declared Mr. Clutchbill had last been seen with his hat on. Enlightened by this information, John went to the vault entrance, pulled the electric cord from its plug and tossed the loose end into the vault. Then, hoisting up the metal gangplank with its rubber flooring, he kicked the clutch off the outer flange of the vault door, wound the "time" for fifteen hours and swung the great door slowly home. It hissed spitefully as the flanges of door and jam meshed into each other and hermetically sealed as John spun the wheel on the face of the door. In a moment more the twenty-two bolts were shot out and the combination spindle cranked off, thus laying a modern armor of Bessemer and Chrome steel in front of the bank's cash and securities that was secure for fifteen hours against any tools Ferndale village possessed.

After this closing rite of the banking day in Ferndale village, the hand of the old clock on the church steeple drowsed through two sleepy hours. Then of a sudden there flapped over the horizon events that made the gilded hour hand of the clock spin like a pinwheel.

Eight minutes after 6 p. m., the wiry soprano voice of Miss Nora Clutchbill, the spinster sister of Director Clutchbill, began broadcasting with the persistence of a wrecked ship on a wild coast infested with savages.

She called up Cashier John Atwood's boarding place and wanted to know why Mr. Clutchbill had not come home to supper. There was a penetrating voltage in her wave length. She shouted it was the first time in twenty years her brother had failed to present himself at the supper table at precisely 6 o'clock. And when John could not say where the old gentleman could be found, Miss Nora ascended hysterically to her upper register and maintained a tremolo until she had received a promise that John would instantly make a search of the village.

After a fruitless search at Nelt Udall's watch and gun repair works and the local barber shop, John slopped rapidly through the slush of the village street to the bank. A peculiar numbness ran lightly over him as he regarded with an anxious eye the faint yellow glow which came through the street window from the bank's night light.

Going into the front office from force of habit he looked curiously around, standing very still as he did so. Suddenly his eyes caught and widened on two objects under the table in the front office that told John that Director Clutchbill had never left the bank that afternoon. They were two ancient overshoes. At this time of the year the sidewalks and streets of Ferndale village were a sea of slush from the melting snow and ice of the heavy northern winter. Not even the most seaworthy natives ever ventured to navigate the village canals at this season without tight gum overshoes.

FILLED with an uncanny wonder, John moved slowly down the corridor and tiptoed into the dark directors' room. He flashed on the lights. The room had that peculiar stillness of absolute vacancy. From here he descended to the basement and vainly searched out its ample area. Convinced, however, that the old director must be somewhere in the bank, he pulled open the clanging iron door of the basement vault and flooded the musty-smelling dungeon from an overhanging electric bulb. Only the ghostly rows of gray ledgers looked back at him. Then in the dead, concrete hush John heard a faint tap; so faint, he held his breath. It kept coming. At first elusive, it crawled to a center on the ceiling of the vault. Right over head on the banking floor upstairs sat the main vault. A wave of heat welled over John, prickling the skin on his forehead. He dashed for the stairs.

At his desk he snatched up the telephone. "Keep ringing the bank," he yelled to the operator. "Ring six or eight short rings and then wait! I think Mr. Clutchbill is locked in the vault! We've a telephone in the vault . . . and we've got to get him on the line before the stale air knocks him out!"

Instantly the telephone on John's desk began sending out a series of short alarms. Then they stopped.

John clapped the receiver over his ear. There was a long pause packed with a prickling black void. The telephone bell jumped to life again with a run of short, jerky calls. Blending from outside came ten flat, jarring blasts from the village's fire alarm system sounding No. 10, "Emergency —Assemble in Depot Square." The telephone operator was arousing the village.

The telephone bell hushed. John dug his ear into the receiver. It crackled and sputtered.

"Hey! H-e-y ! ! ! " squalled the frightened voice of Director Clutchbill from another world. "I'm in the vault! I got'ter git out! Who is it? Git John Atwood!"

"It's John!" John howled.

"John! ! ! Quick! Git me out . . . the air's awful—I'm dizzy'er'en a sand snipe."

"Keep calm, keep calm, Mr. Clutchbill. I'm right here! You'll have to help us!"

"Yea," gulped Director Clutchbill, a little quieter with his voice.

"Reach up on the cash chest and find the flashlight, and let me know when you've got it."

After a full minute the telephone sung with life.

"John! I can't git it—it's fell over back of the chest and caught."

"Never mind—never mind . . . let it go!" rasped John earnestly. "Get the hammer—it's on top of the cash chest somewhere."

"I've got it already. I couldn't locate the cussed telephone in the dark and I was hammerin' with it to make a noise . . . my ears is nearly split."

"All right! All right, now listen close. Smash the big plate glass that covers the bolt work on the inside of the vault door, then come to the phone and I'll tell you how to trip the time lock."

TWO grave and venerable minutes roosted on the owl-like face of the wall clock. Outside the beginning of a crowd fought for places against the bank's front windows. President Perkins was hammering on the front door. John let him in, jerked out the words, "I'm doing all I can," and rushed back to the telephone.

"John!" greeted him instantly. "Can't touch the glass . . . can't git my hand through the grill door; the steel rods are too close. What'll I do? . . . I've got to hurry—I'm dizzy and sweatin'."

"Don't lose the hammer," hallooed John nervously. "You'll have to lift the grill door off its hinges. Back up to it, get a low hold and lift up. It's awful heavy but you can lift it off and then let it swing back onto the bus."

"Don't yuh leave that telephone! John! do you hear me? You know me, if I get out . . . "

"Yes, yes, Mr. Clutchbill. I'm right here."

After a long wait the black receiver frozen in John's hand gave tongue.

"I've got her off," wheezed Mr. Clutchbill, "but it near squashed me. And I've busted the whole plate glass over the bolts . . . Hurry!"




**Director Clutchbill's head and shoulders peering over the poised gangplank**

"Feel in the middle of the vault door for the little metal box that holds the time lock. You've seen it lots of times; the one with the three little watch faces. There's some more glass over it. Break it careful with the hammer. When you get that done feel at the bottom of the little watch faces and find the little pin that sticks straight out. There's a small piece of steel like a thick fish-hook holding up the pin. Push the hook back off the pin, and then come back to the phone."

"Hellsbells!" screeched Director Clutchbill, "how much more is they? I'm gettin' crazier'n a mink!"

"Keep your shirt on and work careful and fast!" commanded John in a stern voice.

By this time all of the directors of the bank had gathered and President Perkins had let them in one by one until they now sat in a half circle around John's desk, each with his eye glued on the receiver in John's hand. Outside, all of the able-bodied of the village had parked on the sidewalk with motionless round eyes riveted on the vault door in full sight under the flood of all of the bank's lights.

At times President Perkins wanted to know what the delay was. He wanted to know why someone didn't start to cut through the vault door. No one answered or seemed to hear. The directors watched the black receiver at John's ear. Their breathing was hoarse and audible like men with the asthma.

Suddenly John took his eyes from the spot on the wall where the bank clock hung. Looking queerly at the faces of the men about him, he motioned one of them to take the telephone. "If he speaks, let me know," he said gravely like a physician. "It's long past time for him to come back to the phone . . . I'm afraid he's gone under."

President Perkins and three of the directors followed John closely into the vault and watched him rapidly spin the combination spindle back and forth till suddenly it stopped with a silky click.

TO JOHN who knew the vault mechanism it was a moment of extreme suspense. If the lever which threw the vault bolts did not move with the pressure of his hand he knew all hope was gone. It would prove old Director Clutchbill's heart had failed in the poisonous air; that he had failed in his fumbling steps back to the vault door to release the hook on the time lock.

With set jaws and a hand that was almost numb John seized the long lever which actuated the twenty-two steel bolts. Suddenly he gave it a quick jerk to the left. It swung back with oily quietness. With a cry of victory he sent the big spindle on the door whizzing around. Slowly the great steel mass crept clear of its fastenings. Bracing his feet, John surged backward and it swung faster and faster. The lights of the main banking room flooded into the vault and a wild yell went up from the crowd out on the street as the lights lit up Director Clutchbill's head and shoulders peering over the poised gangplank.

"Are you all right, sir?" flashed John anxiously as he struggled to unhook the steel gangplank and let it fall forward exposing Mr. Clutchbill to full view.

Director Clutchbill pawed at his eyes and pulled the visor of his old cloth conductor's cap down over his nose.

"Turn off them pizenous lights, I tell yuh!" he ordered in a thin, fretful voice.

(Continued on page 52)

# Open on the Plane of a Civic Event

## Residents of Bedford Attend "Their Party" to Celebrate the Ceremonies of Formal Occupancy of the Bank's New Home

*By* E. V. NEWTON

BEDFORD, Ohio, a suburb of Cleveland, has the reputation of doing things thoroughly and to the "Queen's taste." A few years ago a gang of bank bandits descended on the town and attempted to loot one of its financial institutions. They were given such a reception by the people of the town with shotguns and rifles that those of the gang who were not killed were rounded up and now repose safely behind prison walls.

The most recent reception of another sort given by the folks of this town was on the occasion of the opening of a new building erected for this same institution, which happens to be the Bedford Bank of the Cleveland Trust Company. It was a different kind of reception, however, than that given the bandits. In this instance the people of Bedford were proud of the new building which had been erected in their midst. They felt that the completion of this building meant much to the town and they turned out to inspect it and to wish continued success to the institution. The unusual degree to which they did turn out and the publicity and sales effort back of it all are the reasons for this article.

Bedford, one of Cleveland's largest suburbs, with a population of about five thousand, is located ten miles from the city at the intersection of two main highways. It has been in the direct path of Cleveland's expansion and, of course, has benefited by it. The Bedford Bank, which is one of fifty-three offices operated by the Cleveland Trust Company, was started nine years ago and had outgrown its old quarters. The completion of the new building and its formal opening gave the company an opportunity to do some unusual advertising and development work and to bring the bank to the attention of a new and increasing number of people.

Bedford, in the line of Cleveland's development, has grown rapidly in recent years and will continue to grow. The bank, therefore, adopted the slogan "For a Greater Bedford," and used it on booklets, blotters and other pieces of advertising material. The idea back of it was developed in news-



paper articles and talks. It made the people of Bedford feel that the bank was a community institution that was interested in helping the town and its people and that the completion of this new building meant an opportunity for a greater service to them. The effect was psychological. Just what effect this civic attitude had is shown by the fact that the Chamber of Commerce of Bedford, appreciative of the bank's interest in the town's development, tendered a dinner to a number of the bank's executive officers about two weeks prior to the opening of the new building. In addition to the members of the Chamber, invitations were extended to business and professional men who were not members, and a record crowd attended. Those present demonstrated their appreciation of their bank and its interest in them and their town. Harris Creech, president of the bank, Colonel Leonard P. Ayres and E. B. Greene, two of its vice-presidents, made short addresses in which they pictured the continued growth of the community and pledged the full co-operation of the bank in this development. Following the dinner and the speeches, the banqueters adjourned to the bank's new quarters, which were yet incomplete, and were given an advance opportunity of seeing just what the building was going to look like.




THE town boasts of two live newspapers and the publicity department took advantage of every opportunity to tell about the bank. During the construction of the building, announcements regarding its progress were made from time to time and the architect's drawing of the exterior was used to illustrate a front page spread. This picture was also reproduced on blotters and placed in the monthly statements.

One of the features of the new building was to be its modern safe deposit equipment. Folders, with return post card attached, were distributed from house to house and resulted in several dozen boxes being reserved even before the safe doors were hung.

About a month before the building was ready for occupancy, representatives of the New Business Department started a thorough canvass. A new directory of Bedford had just been completed. Every name was taken from it and each placed on a 4 x 6 card. Three solicitors were assigned to the task of calling and the town was divided into three sections—business, English residential and foreign residential. One of the solicitors spoke several foreign languages and he, of course, was valuable in calling on the foreign residents.

The different services of the bank, used by each resident, were noted on these cards which were then sorted by streets for the convenience of the solicitors. These solicitors knew from the information on the cards just what line of approach to make. If their prospect was using one or two of the bank's services, the solicitor told him of the new bank and what it meant to Bedford and then proceeded to sell him a service he was not then using. If the card showed that the prospect was a stranger to the bank, he, of course, had to sell him on the institution. Safe deposit facilities of the new bank were stressed and the solicitor always carried a supply of reservation cards with him so that a prospect could be signed "on the spot." Each day the solicitors turned in a report on each call which in turn was typed on the card for permanent record.

After the canvass was completed and every resident of the town interviewed, these cards were filed in the office of Walter Myers, the manager of the Bedford Bank. Each card bore one or more steel signals which, according to color, indicated the particular service or services which that prospect was not using or was interested in. This supplied a definite prospect list and also a central file of the customers of the branch.

Bedford is located at a very strategic point, being at the fork of several important state highways and draws business from a very large farming section. Seeing a big advantage in bringing as many as possible of the residents of the rural sections to Bedford on the day of the opening, the bank asked the merchants of the town to co-operate and the bank signified its intention of publishing a special newspaper to be called the "Bedford Booster." Each merchant was asked to offer a "special" on the opening day and the bank agreed to run the ads free of charge for the merchant and pay all printing and distribution costs. It had been expected that a great many of the merchants would take advantage of this opportunity but when the forms were closed it was found that there were twice as many as had been anticipated. The first page contained a resume of the talks made at the Chamber of Commerce dinner, some prophecies regarding the future of Bedford and an announcement of the opening. The two inside pages and half of the back page contained the ads and also a coupon which visitors to the bank were asked to sign and drop in a box in the lobby on opening day. These coupons were used in the drawing for a free safe deposit box which was given away to the lucky visitor. These newspapers were distributed from house to house in Bedford and surrounding towns, and mailed to every farmer on the rural routes. No accurate mailing list was available for those living on these routes. However, the postmaster furnished the number of box holders on each route and in the space allotted for addressing we had imprinted, "Box Holder, Rural Route No. 1." The number, of course, was changed for each route. These were then stamped and the carriers dropped one in each box as though they had been individually addressed. Three days before the opening, formal printed invitations were sent out under first-class mail to a carefully prepared list. The greater portion of these went to Bedford but some were mailed outside. Announcements regarding the opening were also printed on 11 x 14 cards and placed in the store windows one week prior to the opening date.

One of the features of the opening day, announced in the special news

(Continued on page 41)

# The New Bankers' Bank in New York

## Three Years of Planning and Three Years of Building the Home of the Federal Reserve of the Second District

*By* GEORGE W. GRAY

AFTER a tour of the new home of the Federal Reserve Bank of New York, superlatives crowd the mind of the visitor. It is the "biggest" in so many ways that we might as well summarize our exclamations by saying that it represents three years of planning and three more years of building; and is the embodiment of the latest ideas in every detail of bank construction, equipment, and organization.

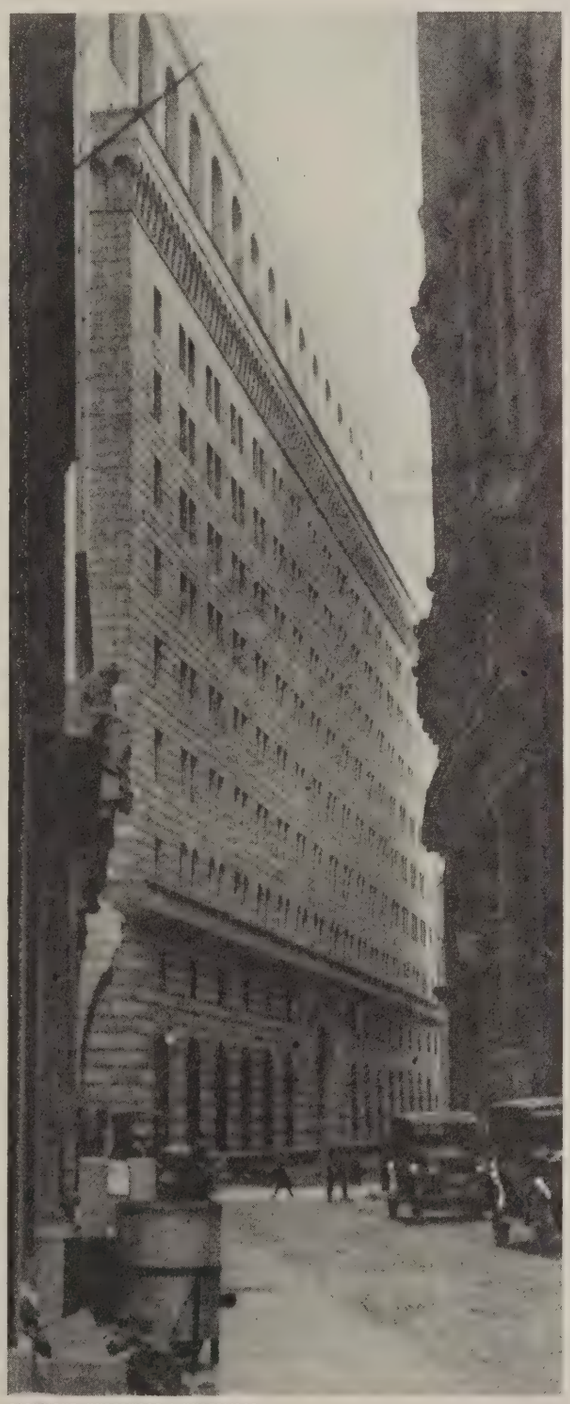
The fact that one-third of the business of the entire Federal Reserve system is focused in this bank leads one to expect something extraordinary of the building designed to house it. But one would have to be master of architecture, construction, management engineering, office installation, and banking technique to anticipate all that has been incorporated into this great bankers' bank in the metropolis.

From the bottom of its steel and concrete vault, which rests on the solid rock foundation of Manhattan Island eighty-six feet below the street, to the top floor two hundred feet above street, it is one vast unified workshop, planned, laid out, and equipped in every detail to facilitate and safeguard the reserve banking operations of the 850 member-banks of the second district.

The building occupies the greater part of the block bounded by Maiden Lane, Nassau, Liberty, and William Streets, only a few steps north of the bank's former quarters in the Equitable Building. It covers a land area of 46,000 square feet and comprises fifteen stories above ground and five underground. Its entrance is on Liberty Street, with separate entrances for employees on Maiden Lane. The slope of the land is such that the street level of Maiden Lane is one story below that of Liberty, thus bringing the employees in on a separate floor from the public, and simplifying the problem of handling the goings and comings of the staff of 2,500 persons.

The same principle of division is followed throughout all the floors of the building. Elevator wells are in the center, and employees use only elevators serving the north or Maiden Lane side of the building, while the public is entirely shut off from this section and admitted only to elevators and corridors serving the south or Liberty Street side.

There are sixteen elevators, two batteries of eight, each battery consisting of two groups of four elevators facing on opposite sides of a hall. By means of grill gates the entire sixteen may be shut off in the early morning for the exclusive use of the employees, thus enabling them to get to their places of work quickly. By the same system the elevators may be shut off from the employees for the use of the public, in multiples of four up to the entire sixteen.



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This convenient placing of transportation facilities and the elastic arrangement by which cars may be reserved to one side of the building or the other, is one of the interesting features. In any building of this height and character, the location and control of elevator service are highly important, indeed a primary consideration in planning the building. The central position not only makes possible the elastic arrangement described, but it avoids the waste of window area which would be involved in side-wall elevators.

SUPPOSE we look into some of the twenty floors which these elevators serve. Entering through the massive arched and iron-barred doors on Liberty Street, we find ourselves in a roomy lobby. Directly ahead are the elevator entrances. On either side of the lobby arched passageways lead into the two counting rooms which occupy the east and west sides of the the floor.

Here are counterscreens, cages, the familiar paraphernalia of a banking room. But the counterscreens are so arranged that each teller's cage is paired with a booth opening into the aisle. A messenger coming to deposit or withdraw money goes into a booth, locks himself in, and is then able to give undivided attention to his business without fear of interruption. The counterscreen, booths, and doors are of wrought iron, as are lighting fixtures and all metal work. The ceiling is vaulted, preserving the Italian Renaissance style which characterizes the architecture; but this vaulting is strictly modern and utilitarian, for it is done

in a composition tile which has soundproof qualities.

The counting rooms here on the first floor are mainly devoted to cash transactions as they function through the receiving and paying tellers and by wire transfer. The second floor is also a counting room, set apart for handling government securities. Contrasted with a commercial bank of comparable size these counting rooms would seem small, perhaps; but a Federal Reserve bank's contacts with the public are relatively limited; its demands for office space are proportionately greater, hence the larger number of floors devoted to offices.

Above the second floor to the tenth, the space is mainly occupied with clerical offices of the various departments. Thus, the third floor houses the money division and country collections; the fourth, the transit division; and so on, up through the ninth which contains the large reference library, the reports department, and the credit and discount department.

ALL office floors are strictly standardized. All partitions are of one type—steel baseboard with clear glass or wire-mesh glass above. One may stand in any part of a floor and have a view of all offices on that level. The partitions are in sections so that it is easy to shift the arrangement at any time. Book vaults are built into the walls on each floor, providing for the safekeeping of departmental records, Offices in which adding and computing machines operate have soundproof ceilings.

The enormous load of business carried by the bank is indicated by the extent and output of some of these departments. Thus, the mail teller's department has on the fourth floor a full-fledged postoffice, a contract station under the supervision of the United States Postoffice Department. Its daily volume of outgoing mail averages fifty-five bags in addition to registered matter. Fifty-four employees are required in the postoffice.

And then, up on the ninth floor, is the credit and discount department. It represents a merger of the credit department and the discount department, which formerly were separate. At the peak in 1921 these departments employed 150 persons, but at present the consolidated department consists of fifty-five employees in addition to two officers.

The best evidence of the scope of this department is its files of detailed credit information on 35,000 names. Despite the fact that a reserve bank's risk in discounting paper is a secondary one, the bank undertakes to be as well informed about the names found on paper as are the banks taking the primary risk. Its files therefore include reports not only of its member banks, but credit data on thousands of individuals, firms, and corporations whose names figure in the paper rediscounted with it. The reports include thousands of foreign names, for the department also provides the credit information on names which are parties to foreign bills of exchange. An interesting feature of the credit files is the system which summarizes on cards the salient facts about each name, and thus makes it unnecessary to handle repeatedly the bulky detailed reports in the folders. By a color scheme the cards are fashioned to give warning when a risk is abnormal.

Executive offices occupy the tenth floor. The gracefully arched ceilings, the hammered iron chandeliers, the soft tint of the rough plastered walls here remind you again that the building has beauty as well as utility. Indeed, it is one of the distinctive buildings of the city, though there are few in which economy has been so carefully studied and inexpensiveness achieved. The use of wrought iron in place of the more usual bronze for screens, doors, and other metal work is an example. The other is the studied avoidance of marble except in elevator lobbies and other places where marble, because of its easy-cleaning quality, is an economy. For the most part the stonework, both inside and out, is of an inexpensive grade of Indiana limestone and Ohio sandstone.

In choosing this stone the architects selected that part of the quarries' output which because of color markings has heretofore found no market and was therefore regarded by quarrymen as worthless. The architects believed that the grained, colored, and mottled stone would add interest to a wall surface otherwise devoid of ornament.

THIS theory has certainly worked out beautifully in practice. And as to expense—whereas preliminary estimates fixed the approximate cost of the building at around $18,500,000, the actual cost has been brought down to around $14,000,000. This saving is due in part to the drop in building costs within five years, and in part to the consistent effort throughout to use the most economical material available where it could be done without sacrifice to any essential values. The absence of gingerbread adornment makes one sigh for other buildings like this which do not smite you with their obvious newness. I don't know how nor why, but somehow this brand-new building looks as mellow and seasoned as an honest old cathedral.

The broad corridor which leads the length of the tenth floor, from the handsome board room at the east end to the commodious conference rooms at the west, is flanked with offices of the various executives. The corridor itself serves as reception room. A large room on this floor is reserved for visiting representatives of member banks, and is provided with desks, stationery, telephone facilities, and other conveniences.

Above the tenth floor, practically all the space is given over to services for the bank's personnel. Thus, the eleventh floor contains, in addition to executive offices of the personnel development department, restaurant for the officers and the examination rooms, laboratory, hospital, and other facilities of the medical department.

THE twelfth floor has a large cafeteria and adjoining rest room which open onto a paved loggia which traverses the entire south side of the building. It provides a promenade high above the city's crowd and clamor, with always a breeze and glimpses of the river and distant Brooklyn through the canyon of skyscrapers. This cafeteria and rest room are exclusively for women employees. On the same floor are the various facilities of the employees' organization, including executive offices of the Federal Reserve Club, the club loan library and the club store where merchandise may be bought at cost.

Entrance is given from the twelfth floor to the auditorium which extends up through the thirteenth floor also and has a seating capacity of 1,000. The auditorium will serve not only for the social functions and other gatherings of employees, but for educational meetings, bankers' conferences and conventions, and all such needs. Outside of the assembly room of the chamber of commerce, there is no sizable auditorium in downtown New York, and the Federal Reserve Bank expects that its neighboring member-banks will find this new hall a convenience in many ways. The thirteenth floor has a men's cafeteria and rest room to match in size the corresponding quarters for women on the floor below. It is estimated that the restaurants and cafeterias will accommodate 1,200 persons at a time, thus serving the entire personnel at two sittings. Meals are provided at cost, and are offered simply as a convenience—with no compulsion, of course. The great majority of the employees eat in the building.

Entrance to the gallery of the auditorium is on the thirteenth floor. It is provided with a fireproof concrete booth for a motion picture machine. Incidentally, the stage of the auditorium has footlights and facilities for drop curtains and scenery.

The kitchens for the cafeterias are on the fourteenth floor, with artificial

(Continued on page 53)

# With the Camera



COPYRIGHT, INTERNATIONAL
Rua 15 de Novembro, the principal banking street of Sao Paulo, Brazil

Below: The historical tie-up at the Schiff Trust & Savings Bank, Chicago








The new building planned for the Equitable Trust Company, New York, on Broad Street and Exchange Place

COPYRIGHT, UNDERWOOD & UNDERWOOD
In the oval: Drop a dime in the slot and get a pocket bank

COPYRIGHT, INTERNATIONAL
Below: A corner of the bullion room in the Royal Mint, London, where gold is stored



# Serving the Borrower and Investor

## How One National Bank Finances Its Home Industries and Advertises and Markets Their Bonds to Its Customers

*By* T. D. MACGREGOR
9 Hanover Street, New York City

A SHORT time ago the Manufacturers National Bank of Troy, N. Y., the largest financial institution of the widely-known collar city, announced its entrance into the investment banking field. Its two-fold purpose was to help finance municipalities, public utilities and sound industrial enterprises on a basis fair to borrowers, and to provide individual customers with safe and profitable investments such as the bank buys for its own account.

The directors of the bank are of the opinion that the banking business is tending toward the investment banking field and that major opportunities of the future for both service and profit will be found in that field.

No larger proportion of the bank's capital and surplus will be invested in this class of securities than is now permitted by the federal and state laws. At present the bank has about twenty million dollars invested in 400 issues of bonds, of which more than two millions are industrial issues. For thirty years it has made similar investments with a certain proportion of its funds.

Frank E. Howe, president of the institution, says that manufacturers to whom his bank has supplied current credit year after year sometimes find it necessary to increase their manufacturing facilities. The entire cost of such betterments can not be paid out of current earnings without upsetting current financial arrangements. The sensible plan is to issue bonds, which furnish the capital needed at once and provide for repayment of the principal gradually over a period of years by the operation of strong sinking fund provisions.

In the past, such customers in Troy and vicinity have been forced to go to some outside money center to supply their requirements. In some cases prices and conditions imposed have been detrimental not only to the borrower but also to the bank advancing money on the concern's current, unsecured paper.

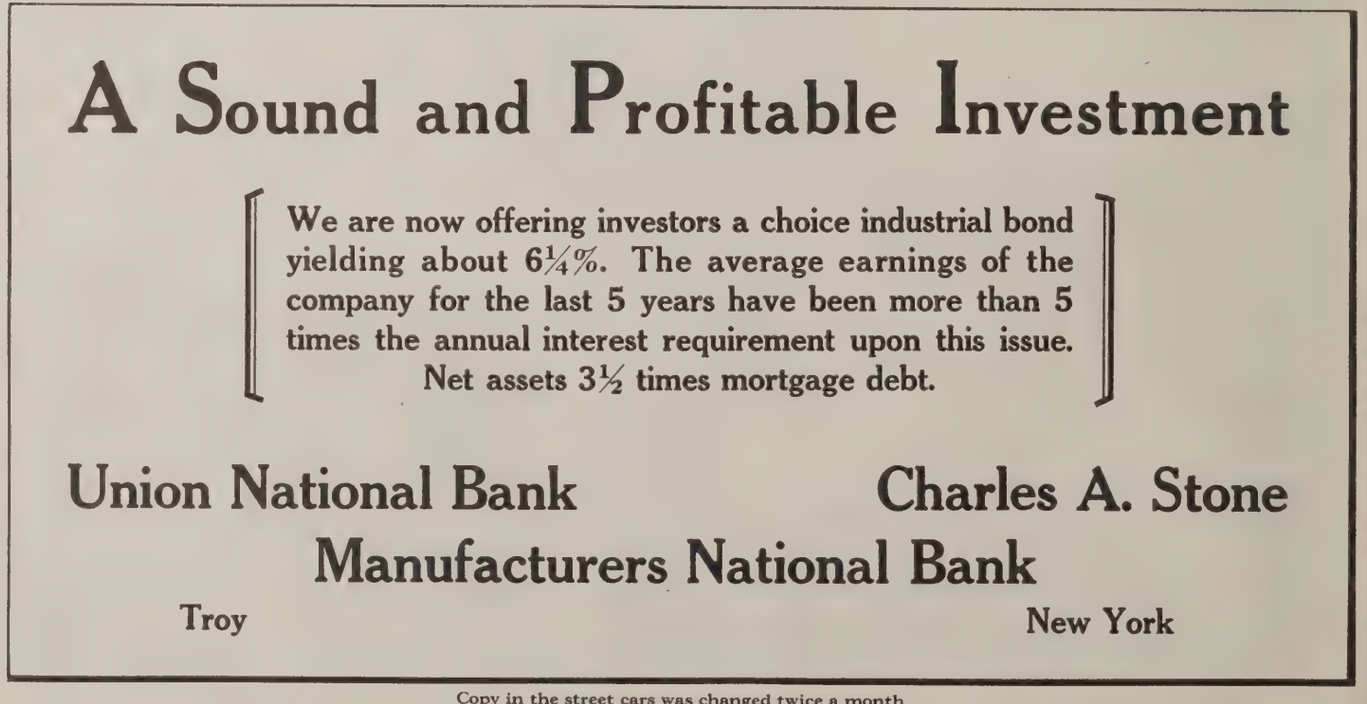
To correct this situation and to broaden its service to its customers, the Manufacturers National Bank has undertaken to arrange issues of bonds secured by mortgage upon the properties, without imposing embarrassing conditions on the borrower and for a term long enough to make it possible to provide for the gradual extinguishment of the obligation.

Because of past experience with its customers, the bank knows what the manufacturers can and can not afford to do. Therefore, it will arrange terms which will not be detrimental to the company and at a price equitable to both the debtor and the lender.

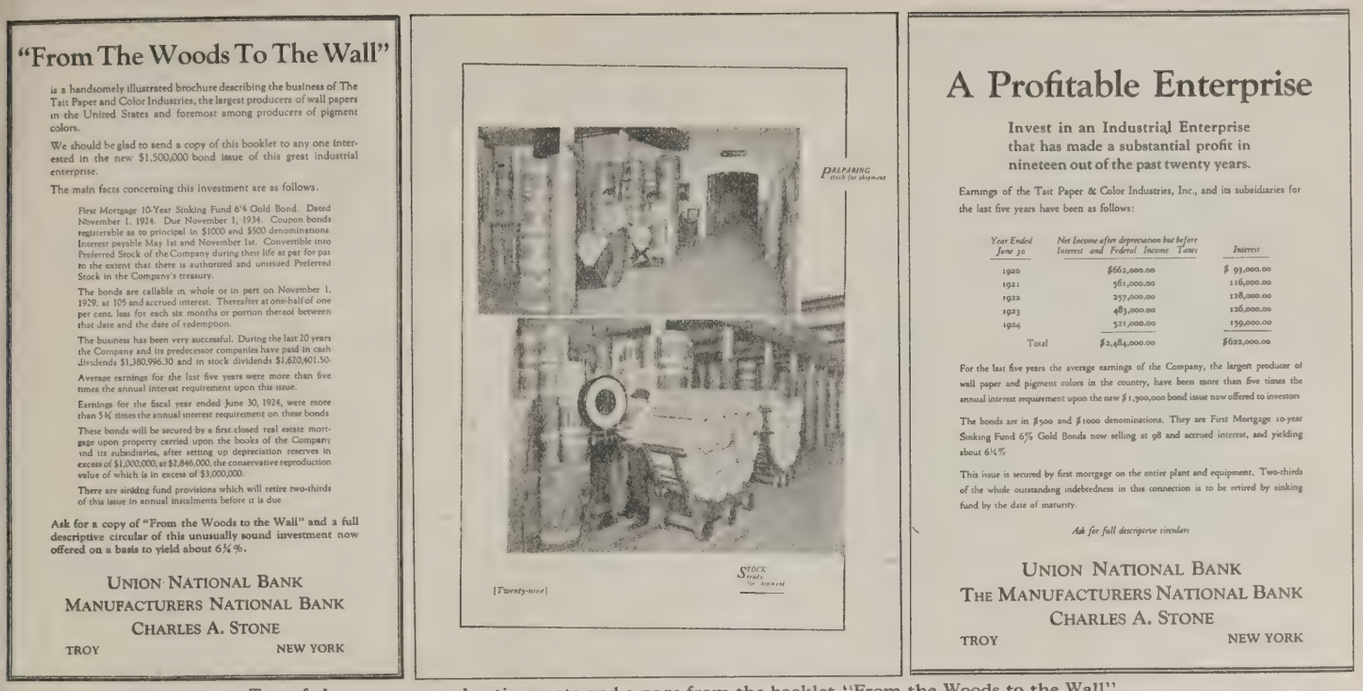
The bank with certain associates buys these bonds outright, just as it has bought similar bonds in the past. The only difference is that the bank and associates, under the new plan, will know not only the business itself but also every detail connected with the bond issue. This sort of financing will be offered to industrial concerns with the financial needs of which at least one member of the banking group will be thoroughly familiar. Naturally the necessity for added capital must be genuine or the borrower's home banker will not favorably consider a financing plan of such character.

With its associates, the Union National Bank and Charles A. Stone of Troy, the Manufacturers National carried on a strong and successful advertising campaign during the month of January for a $1,500,000 bond issue of the Tait Paper & Color Industries, Inc., large producers of wall paper and pigment colors. This campaign is interesting as having to do with the first important financing under the new plan.

The chief mediums used were the local newspapers, the street cars, and posters in the bank's lobby. Leading in the follow-up was a handsome brochure entitled "From the Woods to the Wall," a complete literary and




Copy in the street cars was changed twice a month



"From The Woods To The Wall"

is a handsomely illustrated brochure describing the business of The Tait Paper and Color Industries, the largest producers of wall papers in the United States and foremost among producers of pigment colors.

We should be glad to send a copy of this booklet to any one interested in the new $1,500,000 bond issue of this great industrial enterprise.

The main facts concerning this investment are as follows.

First Mortgage 10-Year Sinking Fund 6½ Gold Bond. Dated November 1, 1924. Due November 1, 1934. Coupon bonds registerable as to principal in $1000 and $500 denominations Interest payable May 1st and November 1st. Convertible into Preferred Stock of the Company during their life at par for par to the extent that there is authorized and unissued Preferred Stock in the Company's treasury.

The bonds are callable in whole or in part on November 1, 1929, at 105 and accrued interest. Thereafter at one-half of one per cent. less for each six months or portion thereof between that date and the date of redemption.

The business has been very successful. During the last 20 years the Company and its predecessor companies have paid in cash dividends $1,380,996.30 and in stock dividends $1,620,401.50.

Average earnings for the last five years were more than five times the annual interest requirement upon this issue.

Earnings for the fiscal year ended June 30, 1924, were more than 5½ times the annual interest requirement on these bonds

These bonds will be secured by a first closed real estate mortgage upon property carried upon the books of the Company and its subsidiaries, after setting up depreciation reserves in excess of $1,000,000, at $2,846,000, the conservative reproduction value of which is in excess of $3,000,000.

There are sinking fund provisions which will retire two-thirds of this issue in annual instalments before it is due

**Ask for a copy of "From the Woods to the Wall" and a full descriptive circular of this unusually sound investment now offered on a basis to yield about 6½%.**

UNION NATIONAL BANK
MANUFACTURERS NATIONAL BANK
CHARLES A. STONE
TROY NEW YORK



PREPARING stock for shipment

STOCK ready for shipment

[Twenty-nine]

A Profitable Enterprise

**Invest in an Industrial Enterprise that has made a substantial profit in nineteen out of the past twenty years.**

Earnings of the Tait Paper & Color Industries, Inc., and its subsidiaries for the last five years have been as follows:

| Year Ended June 30 | Net Income after depreciation but before Interest and Federal Income Taxes | Interest |
|---|---|---|
| 1920 | $662,000.00 | $ 93,000.00 |
| 1921 | 361,000.00 | 116,000.00 |
| 1922 | 257,000.00 | 128,000.00 |
| 1923 | 483,000.00 | 126,000.00 |
| 1924 | 521,000.00 | 159,000.00 |
| Total | $2,484,000.00 | $623,000.00 |

For the last five years the average earnings of the Company, the largest producer of wall paper and pigment colors in the country, have been more than five times the annual interest requirement upon the new $1,500,000 bond issue now offered to investors

The bonds are in $500 and $1000 denominations. They are First Mortgage 10-year Sinking Fund 6% Gold Bonds now selling at 98 and accrued interest, and yielding about 6¼%

This issue is secured by first mortgage on the entire plant and equipment. Two-thirds of the whole outstanding indebtedness in this connection is to be retired by sinking fund by the date of maturity.

*Ask for full descriptive circulars*

UNION NATIONAL BANK
THE MANUFACTURERS NATIONAL BANK
CHARLES A. STONE
TROY NEW YORK

Two of the newspaper advertisements and a page from the booklet "From the Woods to the Wall"

pictorial outline of the wall-paper industry, and of the plants and personnel of the component parts of the Tait Paper & Color Industries, Inc., of Glens Falls, and Plattsburg, N. Y., and Hackensack, N. J.

Specimens of the large-space newspaper advertisements and of the street car cards used in the intensive campaign for the sale of the Tait bonds are reproduced. In two conspicuous places in the lobby of the main office of the Manufacturers National Bank, which is a very busy place, and in the branch office in the Lansingburgh district of Troy, brightly colored posters were displayed during the continuance of the other advertising. The text of two of these posters was as follows:

$980 WILL YIELD $1,600

If you want a practical demonstration of how money grows, buy a First Mortgage 10-Year 6% Gold Bond of the

TAIT PAPER & COLOR INDUSTRIES, INC.

You can own a $1,000 bond for $980 and at its maturity you will receive back $1,000. In the meantime you also will have received a total of $600 interest on your investment.

Ask us for particulars.

MORE THAN $3.50 OF ASSETS FOR EVERY $1.00 OF DEBT

That is the satisfactory condition of the Tait Paper & Color Industries, Inc., whose First Mortgage 10-Year Gold Bonds in $500 and $1,000 denominations we are now selling on a basis to yield the investor about

6¼%

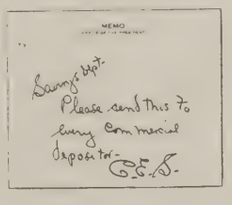
This concern is the largest producer and distributor of wall paper in the country and the largest producer of dry color.

We recommend this investment, having put our own funds into it.

This campaign is regarded as successful as it sold a large number of the bonds and served to establish firmly in the public mind the kind of service rendered in investment matters by the Manufacturers National Bank and its associates.

# "Tell Your Young People for Me"

ONCE in a while, once in a bank's lifetime perhaps, there comes unsolicited a letter of appreciation so straightforward, so honest, so sincere that it shakes your confidence in your worthiness to serve, and at the same time renews your faith in human nature.



MEMO.

Please send this to Every Commercial Depositor

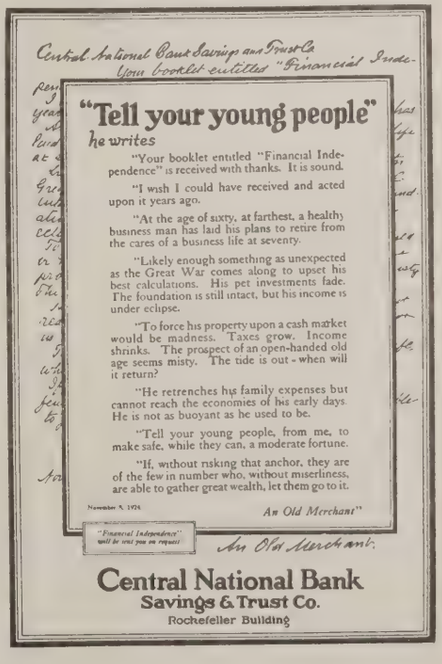
Here is one from "An Old Merchant" to the Central National Bank, of Cleveland. The comment on its treatment as a mailing piece is by Robert J. Izant, manager of the Advertising Department.

"The only story about this layout is that the letter was received anonymously. We reproduced it in this form, together with the memorandum slip from the office of the president initialed by the president, Mr. C. E. Sullivan. There is nothing new in the device of an etching of a pencil-notation, but we are confident that its occasional use, without sacrifice of dignity, serves to flag the attention of the busy man or housewife.

"The proof is being mailed to depositors in the envelope with their returned cancelled checks.

"The letter, of course, can stand alone as our salesman. Any attempt on our part to embellish it would nullify its effectiveness. Every paragraph rings true. I contend that a man, rich or poor, young or middle-aged, who wouldn't get a jolt from that paragraph 'He retrenches his family expenses——,' must be made of concrete."

The line-cut of the original letter in long-hand, surrounding the reproduction in type in mortise, establishes the authenticity of "The Old Merchant."



Central National Bank Savings and Trust Co
Your booklet entitled "Financial Inde-

"Tell your young people" he writes

"Your booklet entitled "Financial Independence" is received with thanks. It is sound.

"I wish I could have received and acted upon it years ago.

"At the age of sixty, at farthest, a healthy business man has laid his plans to retire from the cares of a business life at seventy.

"Likely enough something as unexpected as the Great War comes along to upset his best calculations. His pet investments fade. The foundation is still intact, but his income is under eclipse.

"To force his property upon a cash market would be madness. Taxes grow. Income shrinks. The prospect of an open-handed old age seems misty. The tide is out - when will it return?

"He retrenches his family expenses but cannot reach the economies of his early days. He is not as buoyant as he used to be.

"Tell your young people, from me, to make safe, while they can, a moderate fortune.

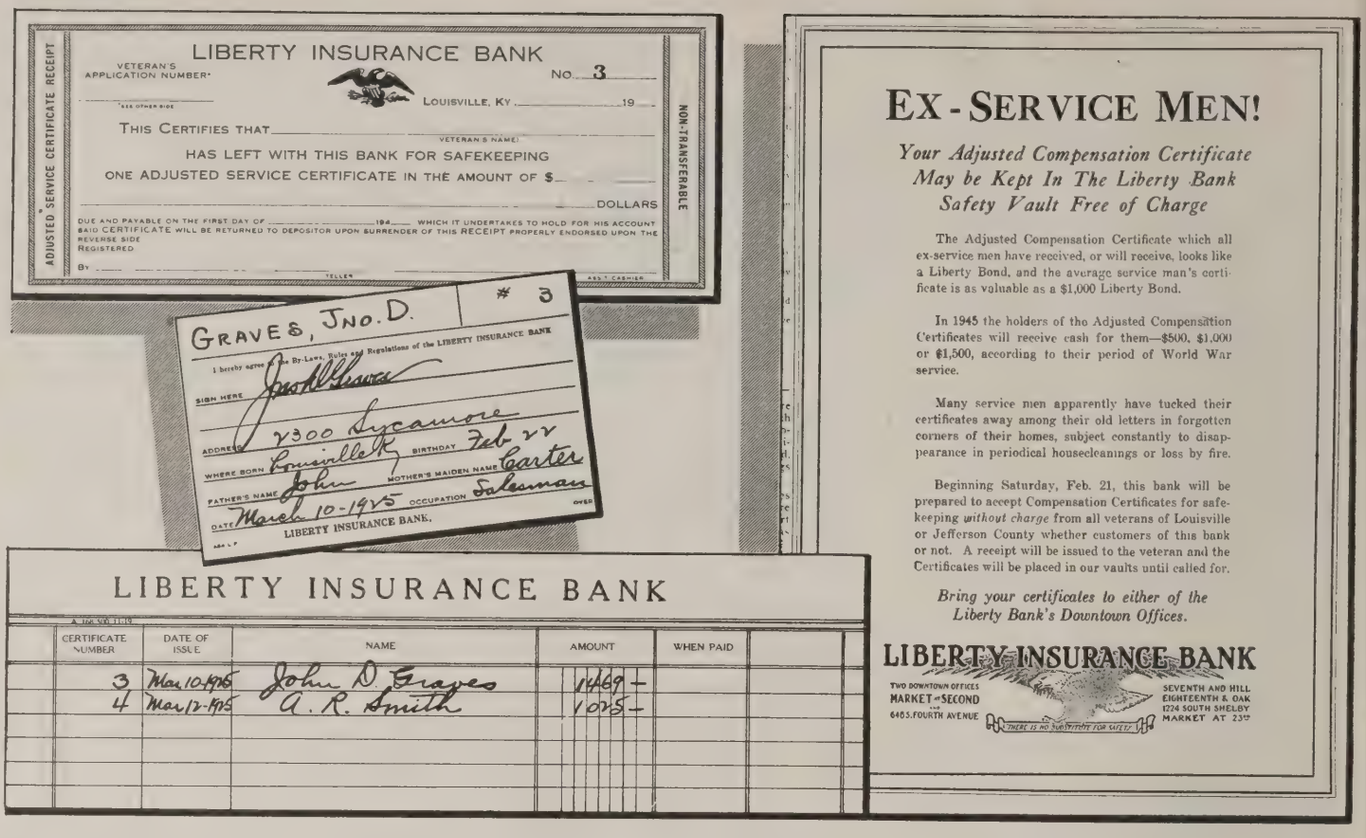
"If, without risking that anchor, they are of the few in number who, without miserliness, are able to gather great wealth, let them go to it.

November 5, 1924 An Old Merchant"

"Financial Independence" will be sent you on request

An Old Merchant.

Central National Bank
Savings & Trust Co.
Rockefeller Building




# Safekeeping for the Soldier's Bonus

## Free Service, and Ultimate New Business, to Help World War Veterans Safeguard Their Adjusted Service Certificates

*By* W. A. MILLICAN,
Liberty Insurance Bank, Louisville, Ky.

A RECENT editorial in the *American Legion Weekly* so forcefully convinced us of the carelessness of the average veteran in safeguarding his Adjusted Service Certificate that we immediately decided to offer our safekeeping facilities without charge to all local ex-soldiers. We welcomed the opportunity to render an additional service and at the same time gain the acquaintance and good will of such a representative body of young men.

By means of this special service any bank may acquire a mailing list that will be rich in possible safety deposit prospects in later years. Two years from now all the Adjusted Service Certificates will have a loan value and at that time the custodian bank will more than likely be requested to make loans to those soldiers who have entrusted their certificates to the bank. By extending this accommodation the bank will of course expect the veteran to carry an account. Looking still farther ahead—when 1945 arrives and the certificates are paid in cash—the bank will undoubtedly be authorized to collect the certificates for the veteran and a great part of it will be deposited on open account.

We have worked out a special plan for handling the Adjusted Service Certificates—one that we believe is entirely practical and yet not too burdensome.

The important feature of the custody receipt is the veteran's application number, as all future correspondence to the Veterans' Bureau must refer to this number. The receipt is plainly marked "Non-transferable." The maturity of the Adjusted Service Certificate is also incorporated in the receipt and on the back is printed the essential information to be remembered by the veteran. The ledger sheet or original register calls for necessary information only and the receipts are listed therein, chronologically and numerically.

The signature of the veteran should be taken on a separate card at the time he delivers his certificate. These cards can be filed alphabetically while the certificates, themselves, can be filed numerically, this giving a complete system for locating any information desired.

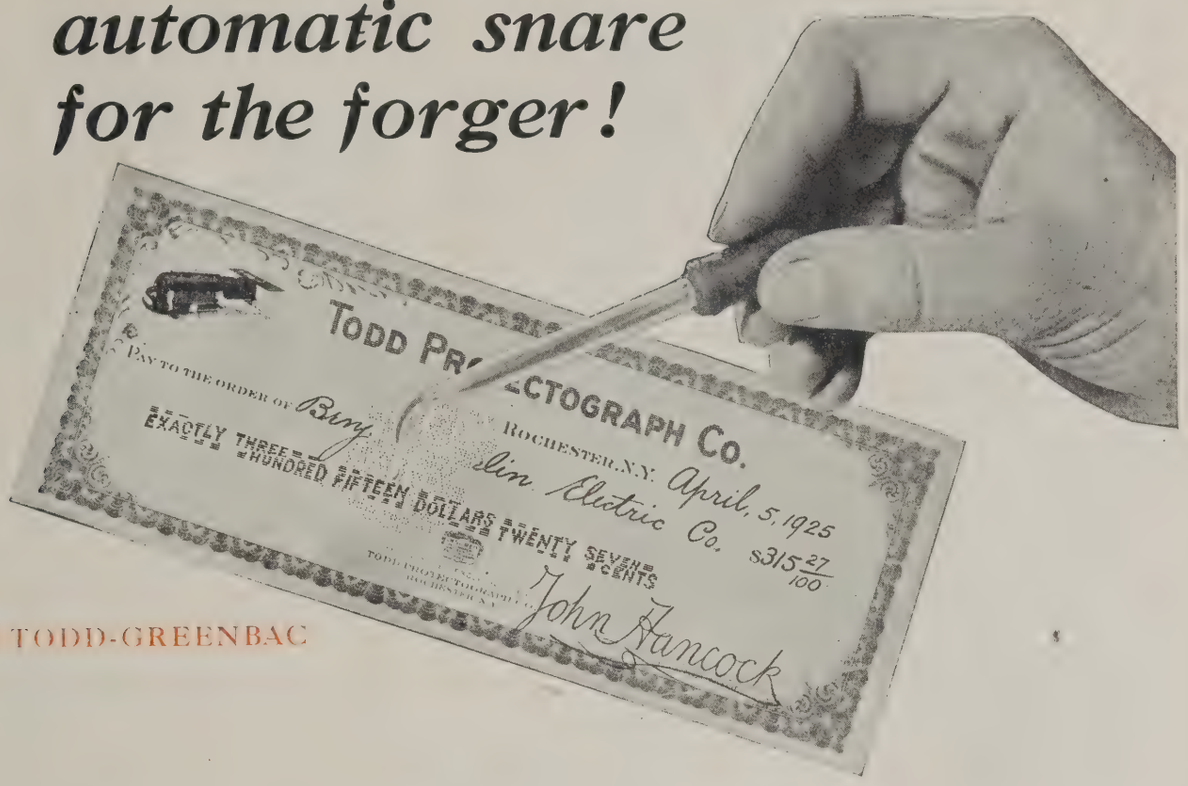
The signature card calls for sundry information such as birthday, place of birth, mother's maiden name, etc. This information will prove invaluable later on, for in twenty years' time there is bound to be considerable change in the veteran's signature. If there should ever arise a doubt as to the authenticity of a receipting signature this information can be checked up with the assertions of the claimant of the certificate and will provide means for a positive identification.

## The London Bank Clerk

BECOMING a bank clerk in London is a formidable procedure, according to the British author, Easton. "Although a candidate may hold several certificates, yet on receiving a nomination for a clerkship, he may be expected to pass a qualifying examination. Some of the banks in London accept a certificate granted by the City of London College for the subjects of Writing, Spelling, English Composition, Arithmetic (including vulgar and decimal fractions, stocks and interest). Other banks require in addition, one of the following subjects: English History, Geography, Latin, Greek, German, French, Algebra to quadratic equations, Euclid first two books."

# No other check has this . . .

## *automatic snare for the forger!*




The TODD-GREENBAC

NO OTHER check, in complexity of printed surfaces and restrictions surrounding sale, approaches the positive protection of the Todd-Greenbac!

Counterfeiting of a Todd-Greenbac check is impossible because of the complicated and intricate dot pattern covering the complete surface.

Alteration of payee's name, date and number are impossible because the first touch of the acid eradicator wipes out the surface design and causes the word "void" to flash from beneath.

Todd-Greenbac paper is never sold in blank. The manufactured checks are sold only to bona fide bank depositors. They are printed or lithographed only to their order —the handsomest check on the market as well as the most secure!

Todd-Greenbacs, produced by bank-note processes and safeguarded like money, are no more expensive than ordinary checks produced by old-fashioned methods.

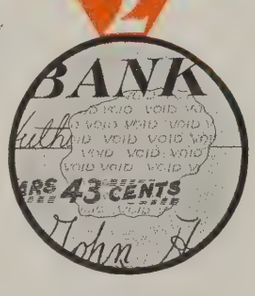
For the sheer good impression they make—for the business security and peace of mind they bring—use Todd-Greenbac checks and write for detailed information on the complete Todd System of Check Protection! Please use your letterhead. The Todd Company, 1186 University Ave., Rochester, N. Y. *Sole makers of the Protectograph and Todd Checks.*

1



*The Protectograph*, it is estimated, eliminates at least one-third of all check frauds by preventing *raised amounts*. The Protectograph is made in a variety of standard models, one for every type of business, priced from $37.50 up.

2




*Todd-Greenbac Checks*, with their patented self-cancelling features, eliminate another one-third of possible check losses by preventing *change of payee's name, date* and *number* and *"counterfeiting."* Todd checks are designed for business and personal use. They are reasonable in price — even in small quantities.

3



*Standard Forgery Bonds* cover the remaining check-fraud possibilities, namely, *forgery of signature* and *forgery of endorsement*. Qualified Todd users receive standard policies at the most advantageous discounts.

# TODD SYSTEM OF CHECK PROTECTION


CASHIER
ACCOUNTING DEPT.
KARDEX SURVEY

# "Margin of Profit"

Unless his line is most unusual, a business man has little influence on the price at which he sells his goods. It is fixed by competition, exactly as interest rates are fixed in the world's money market. So likewise is the rate at which he buys. Gross profit is largely beyond control.

Net profit is another matter. When methods are efficient, when sales are increased to the utmost on a given investment, net profit grows. But if expense exceeds the limit competition has set, the business fails.

Every business man must be always alert for better methods of management—constantly searching for new ideas that reduce costs and make net profits more certain.

Urge your customers to use the service of the Kardex Institute. Its aim is to minimize the risks of business. Its reports on management methods point the way to a larger and more lasting business success.

## KARDEX INSTITUTE

Kardex Institute is an organization of business specialists for research and educational work on business management. By endowment it is free from the necessity of financial return.

The executive board of Kardex Institute, a $100,000 group of experts in business management, draws business ideas and experiences from the entire world through the Kardex organization of a thousand people.

Monthly reports on business conditions and management methods are published. Members of the Institute staff assist those registered in the solution of individual problems.

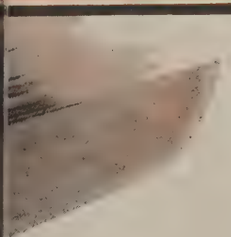
This is a service of the greatest value to the banker and his customer. It is removing the cause of business failures. The registration fee is the nominal sum of $10.00 yearly.

## KARDEX INSTITUTE

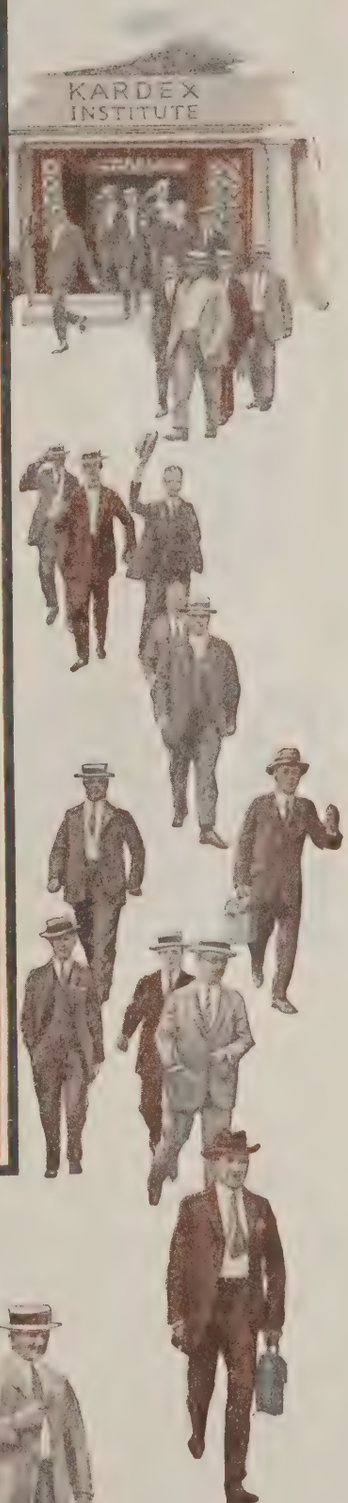
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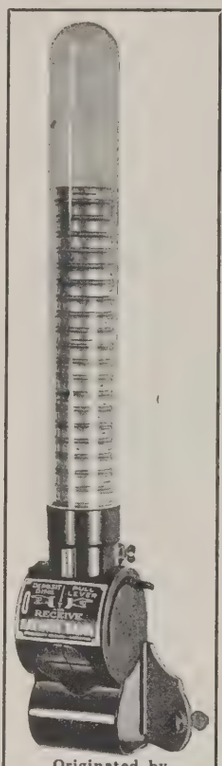







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The Burroughs Clearing House is your best buy. One or more bank executives in every bank in the United States and Canada receive a copy monthly. Ask any banker whether he reads The Burroughs Clearing House. Ask him too, how many others in his bank read his copy after he is through with it. *Write for rate card.*

THE BURROUGHS PUBLICATIONS
Detroit, Mich.


## The Fourth City—Second in Wealth

(Continued from page 12)

larger engines and fewer cars, have probably produced 150,000,000 individually controlled horsepower of which 100,000,000 still exist.

The production of horsepower in Detroit since 1903 is greater than all of the developed and undeveloped horsepower in the United States which is estimated at only 36,000,000 and of which only 9,000,000 is developed. Niagara Falls has a potential horsepower of 3,000,000 of which only 1,000,000 is being used. Muscle Shoals with but 600,000 horsepower is a pigmy compared to Detroit with its creation of somewhere in the neighborhood of 350,000,000 horsepower since 1903.

The world will always want power and Detroit, better equipped than any other city in the world, will always furnish it, whether for flivvers or flying machines—that is the backbone of the average Detroiter's faith in the future of his city notwithstanding the growing evidences of diversification which are daily making appearance in the motor city.

### *The Building Record*

The record of building and construction permits issued by the leading cities of the country during 1924 gives Detroit third position against fourth position in 1923. Total permits issued in Detroit during 1924 was $160,064,825 against $129,662,711 in 1923. New York and Chicago held first and second rank respectively during both years but in 1924 Detroit nosed Los Angeles out of third place. Detroit gained $31,000,000 while Los Angeles lost $50,000,000 and Chicago lost $32,000,000.

The tabulation on page 12 compares the total building permits for the twelve largest American cities for 1924 and 1923 and shows the gain or loss of each:

### *Detroit's Banking Machinery*

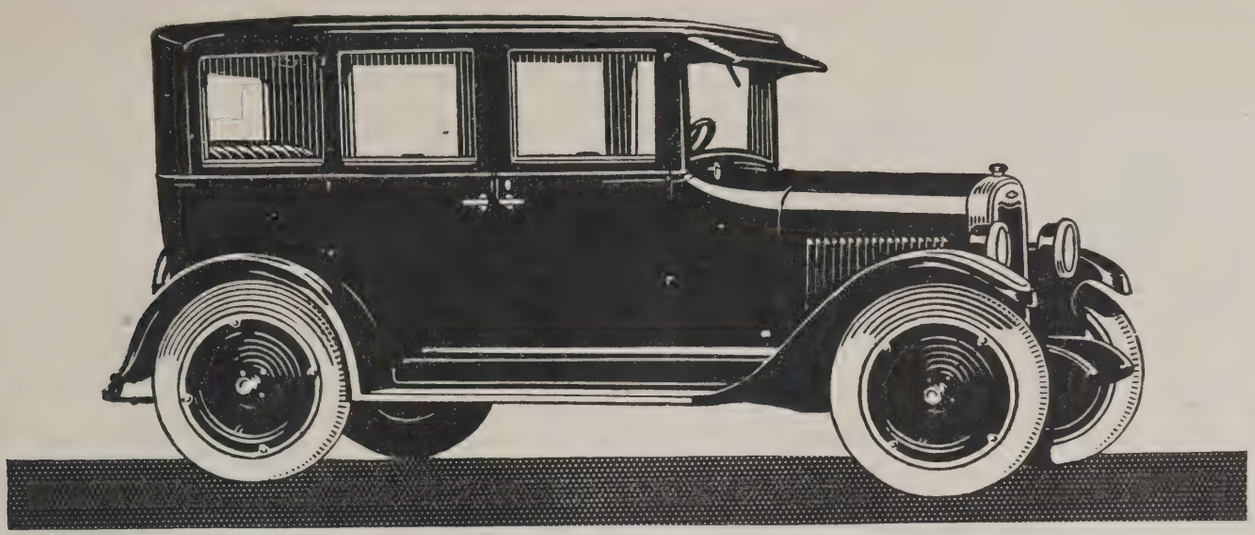
Detroit is almost what one would call a state bank town. While there are but eleven state banks and three national banks in the clearing house association, the eleven state banks have collectively 193 branches which completely cover both the business and the residential sections. The national banks have not until very recently established any branch offices. The National Bank of Commerce maintains a second "office" while the First National Bank maintains deposit and paying facilities for its customers in seven outside places but these seven outside offices are under the roof of branches of the Central Savings Bank, a state institution allied with the First National Bank. Outside of the clearing house association are six state banks which have collectively forty-four branches.

Detroit furnishes the interesting paradox of having within its boundaries two cities which are not part of Detroit. The cities of Highland Park and Hamtramck are now entirely surrounded by Detroit, yet each maintains its individual municipal entity and except for joint use of water, telephone, street car, sewage and like facilities, each is a city by itself. Each has its own city council, fire department, school system, and justice courts, but from the legal standpoint they might as well be situated fifty miles from Detroit.

In these unique cities there are sixteen incorporated banking offices and several private banks. Highland Park has five state banks which collectively have four branches. These banks, while organized as separate state corporations, are in almost every case controlled by state banks of Detroit and by reason of this close affiliation are strong institutions. A similar situation exists in Hamtramck where there are five state banks and two national banks.

All told there are 291 banking offices within the city limits of Detroit in which area, containing ninety-five

(Continued on page 32)



# Features you would expect to find only in higher priced cars

Long semi-elliptic springs—dry plate disc clutch, requiring no lubrication—extra strong rear axle with banjo-type housing—beautiful Fisher bodies on closed models—Duco finish in beautiful colors on all models—one-piece VV type windshield on closed models!

These are but a few of the quality features of construction of the new Chevrolet—features that you would expect to find only on high priced cars.

Selling a product of such unusual value makes for sound, profitable business for the Chevrolet dealer.

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| Sedan—$825 *Balloon Tires and Disc Wheels Standard Equipment* | Commercial Chassis—$425 | Express Truck Chassis $550 | |

*All prices f. o. b. Flint, Mich.*

# QUALITY AT LOW COST



"The People's Messenger"

## Keeping up with the United States

AN organization of the Bell System's present magnitude would have been thought impossible only twenty years ago.

Then the capital stock of the American Telephone and Telegraph Company, amounting to $129,040,280—less than one-sixth of the amount outstanding now—was owned by 15,500 stockholders. There were few who looked forward to a system of 10,500,000 owned telephone stations and 4,500,000 connecting stations, and with over 343,000 stockholders—the system of today.

The Bell System has not merely kept pace with the growth of the country. It has grown faster than the population. Its use has been extended so that today there are twice as many telephones in the United States as in the rest of the world.

With its growth, its service has become more and more indispensable.

*A. T. & T. Stock pays 9% dividends. It can be bought in the open market to yield about 7%. Write for pamphlet "Some Financial Facts."*

AMERICAN TELEPHONE & TELEGRAPH CO. AND ASSOCIATED COMPANIES — BELL SYSTEM

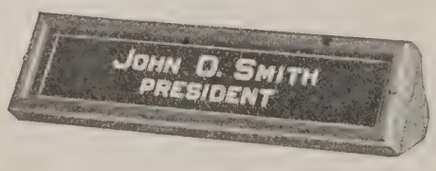
BELL TELEPHONE SECURITIES CO. *Inc.*

D.F. Houston, President

195 Broadway NEW YORK

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*The Bankers' Choice*




WHY? Because Clark Signs are easily changed, and have a wide range of styles and sizes. The attractiveness of the white celluloid letters on the jet black felt background is unsurpassed by any changeable sign. Prompt delivery insured.

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1774 W. Wilson Ave. Chicago, Ill.



(Continued from page 30)

square miles, is included Highland Park and Hamtramck. This is the equivalent on the average of thirty-two banks for each square mile.

Following is a tabulation of the banks:

| | Main Offices | Branches | Tota |
|---|---|---|---|
| Clearing House banks in Detroit proper: | 11 | 193 | 204 |
| Non-Clearing House banks in Detroit proper: | 6 | 44 | 50 |
| Highland Park: | 5 | 4 | 9 |
| Hamtramck: | 5 | 2 | 7 |
| Private banks: | 10 | | 10 |
| | | | 291 |

Adjoining Detroit on the east is the village of Grosse Pointe which has two banks and on the north are Ferndale and Royal Oak with four banks; Springwells on the west has two banks and along the river suburbs which adjoin Detroit on the southwest are six more state banks. If all the immediately adjacent territory were included there would be ten more state banks to add to the list but the above furnishes a fairly accurate picture of the banking facilities in Detroit.

In addition to the foregoing are seven trust companies which issue certificates of deposit. Michigan law is peculiar with regard to trust companies. They are not permitted to do a general banking business such as is provided under the laws of New York, Illinois and other states. Instead of being a sign indicating all-inclusive banking power, "Trust Company" in Michigan means very restricted banking powers.

### *Detroit's Bank Deposits*

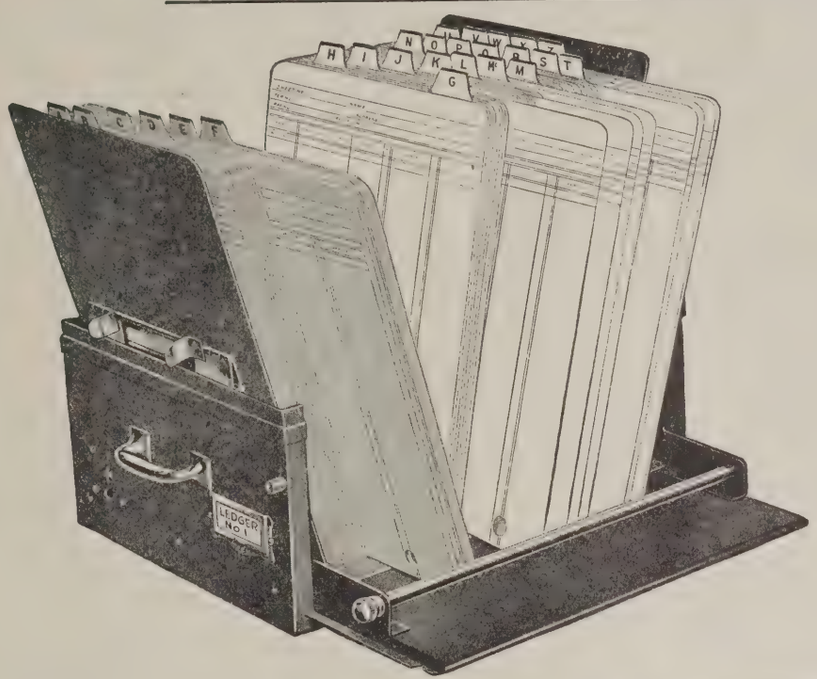
During the year 1924 savings deposits in the clearing house banks increased $29,745,000, or from $266,410,000 to $296,155,000. During this same period commercial deposits increased $58,859,000 to a new high total of $321,514,000. In addition the deposits in the non-clearing house banks total $55,000,000.

This means that the grand total of deposits in all Detroit banks exceeds $672,000,000 or at the rate of about $560 per capita. Figured on the basis of savings deposits alone, each of the 1,200,000 population persons in Detroit has $270 to his credit in the savings banks.

But when it comes to volume of financial transactions Detroit drops to seventh place. Bank clearings for 1924 in Detroit totaled $7,356,000,0000 an increase of 9.9 per cent over 1923. New York, of course, led the country with $249,868,000,000 with Chicago second having $31,654,000,000, Philadelphia third with $25,645,0000,00, Boston fourth with $21,232,000,000

(Continued on page 34)

# THE NEW DE LUXE STEEL POSTING TRAY



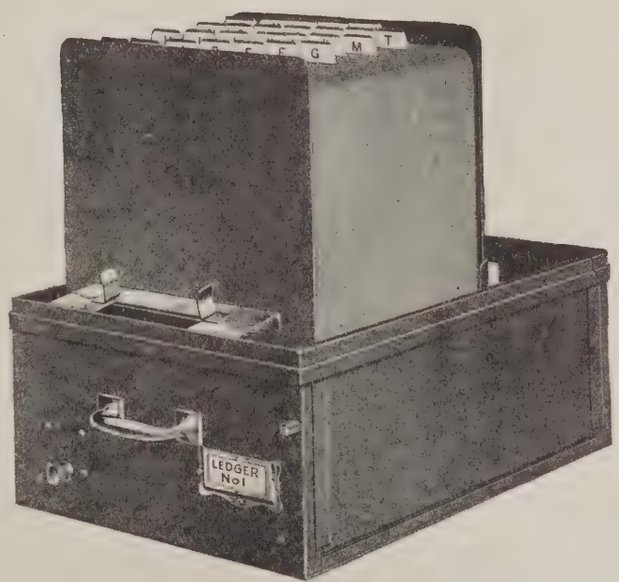

## A Valuable "Assistant" *for Your* Mechanical Bookkeeping Department

LOOSE LEAF De Luxe SYSTEMS

HERE'S a real "assistant" for your mechanical bookkeeping department—a wonder for efficiency and capacity. It enables you to get maximum results from your installation.

THE DE LUXE STEEL POSTING TRAY is compact and strong, capable of standing many years of hardest work. Its responsibility is to keep your ledger sheets safe, and at the same time easily accessible. This it certainly does!

The lock rod, extending through each sheet, makes it impossible to remove or misplace sheets when the operator is not posting. When starting to post, a quarter turn of the key permits removal of the lock rod. The follower block moves back without sticking. The angle plate is tilted and the sheets placed against the plate in readiness for posting—all in less than TEN SECONDS.




## *Quick Posting*

Each account is quickly located, posted and returned to its position in the tray. The drop side feature gives complete visibility, and the lock rod performs an additional duty as alignment rod on the side. The posting completed, the tray is readily locked.

An exceptional feature is the corrugated steel bottom. This prevents slipping or slumping of sheets. The tray is simplicity itself. Springs and complicated parts have been eliminated.

Why not learn more about this new Wilson-Jones product? Ask your stationer, or write us direct.

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In choosing a correspondent choose strength, service —and character.

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How about a bank magazine individualized and named by yourself suitable for all departments of your institution, at an amazingly low cost?

P. M. REED
111 W. Washington St., Chicago


(Continued from page 32)

and San Francisco and Pittsburgh fifth and sixth with $8,366,000,000 and $8,037,000,000 respectively.

Unique as an accurate barometer of industry is the weekly report of the Employers Association of Detroit. This association keeps weekly count of the total employees in about two-thirds of the industrial plants, and inasmuch as nearly every one of the larger concerns are members, the association's reports are believed to be a most dependable measurement of the gain or loss in industrial activity.

At the close of January as this is written, the total employment as shown by the association's roster is well over 200,000. The figure January 17, 1925, was 206,974 which compares with 237,813 for the week ended January 19, 1924, and with 194,697 for the week ended January 16, 1923. For the week ended January 14, 1922, the figure was 109,703 and as the general state of the automobile business at present quite fairly compares with that of early 1922, it is believed that the increase as shown, from 109,703 in January, 1922, to 206,974 in January, 1925, gives a fair idea of the industrial growth of Detroit in the three-year period indicated. By adding an approximation of one-third of the association's total to obtain the city total, there is indicated a growth from 163,000 in January, 1922, to 309,000 in January of this year.

There are also many other collateral evidences of this growth. During the year 1924 there were added 24,474 single residences in Detroit; in 1923, 18,000 and in 1922, 12,000. These figures indicate a growth, figuring four to a family, of 200,000 in population without making allowances for the thousands of workers who live in the suburbs and drive their cars to work. The increase in Detroit's population from the 1920 census to January 1, 1925, according to the R. L. Polk Directory people, was from 993,678 to a count of 1,398,850 as shown by the 1924 directory, or an increase of 405,172.

The question is often asked, "Where will Detroit stop?" Situated half way between the iron and copper ore fields of the North and the coal fields of the South, on the most economical navigation system in the world, the Great Lakes, and blessed with the most contented and efficient labor supply known, it takes but little of imagination to picture future Detroit. Detroit may never rival Chicago in size but the very growth of Chicago and the Middle West is furnishing the impetus for Detroit's growth. With its superb equipment for manufacturing mechanical devices Detroit seems destined to become the "machine shop" of the world.

# Bonds which *measure up* to bank standards of security

FOUR elements of security which banks look for in the business of customers to whom commercial loans are made—

*essential industry · constant market*
*increasing demand · assured future*

are strikingly present in the bonds of Electric Power and Light Companies, as listed herewith.

Bring electric power and light into a community and it will not be long before homes, business and industry will depend on it almost as they do on air and water. Usually the rates are regulated by the state, to protect both the earnings of the companies and the interests of their customers.

Either for the investment of bank funds or for resale to your customers, we can offer an unusually complete list of electric power and light bonds—affording wide range for selection as to geographical location of properties, maturities and marketability. This house is experienced and active in underwriting the bond issues of high-grade, well managed utilities.

Bank officers who wish to be well informed on the subject of public utility bonds, particularly power and light, should send for our booklet, "The Strength of the Utilities." After you have read it you will find it worth filing for reference.

*Ask for Booklet BC-45*

*Representative of bond issues of*

**Electric Power and Light Companies**

*underwritten by*

**Halsey, Stuart & Co.**

*either alone or jointly with associates*

Commonwealth Edison Company (Chicago)
First Mortgage Collateral 5s, Series B, 6-1-1954

Denver Gas & Electric Light Company
First and Refunding Mortgage 5s, 5-1-1951

Houston Lighting & Power Company
First Lien and Refunding Mortgage 5s, 3-1-1953

Illinois Power & Light Corporation
First and Refunding Mortgage 6s, Series A, 4-1-1953

Kansas City Power & Light Company
First Mortgage 5s, Series A, 9-1-1952

Kentucky Hydro Electro Company
First Mortgage 6s, Series A, 6-1-1949

Michigan Gas & Electric Co.
First Mortgage and Refunding 6s, Series A, 9-1-1943

Northern Indiana Gas & Electric Co.
Secured Notes 5½s, Series A, 6-1-1927

Ohio Public Service Company
First Mortgage and Refunding 6s, Series C, 3-1-1953

Pennsylvania Power & Light Co.
First and Refunding Mortgage 5s, Series D, 9-1-1953

Portland Railway Light & Power Co.
First Lien and Refunding Mortgage 6s, Series B, 5-1-1947

Public Service Co. of Colorado
First Mortgage and Refunding 5½s, Series B, 9-1-1954

Public Service Company of Northern Illinois
First Lien and Refunding Mortgage 5½s, Series B, 7-1-1964

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*Here are facts about how records destroy themselves. Send for a free copy of "Fade-outs of History."*

You buy filing cases, binders and other office appliances for the protection they render. To be consistent, the thing protected—the paper on which your records are kept—should be as carefully selected as the protective devices.

Vaults, binders and files can't save records entrusted to poor paper. Destructive "acid-eat" is in the paper itself. Light, humidity, handling and erasures merely hasten the process.

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For loose-leaf records, Greylock Linen Ledger with Brown's Flexible Hinge combines enduring quality with a paper that lies flat. For executive letterheads which bespeak the prestige and standing of your company, specify Advance Bond,—"A Bond as Good as Your Word."

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*In writing to advertisers please mention The Burroughs Clearing House*

## Where Stocks Change Actual Owners

(Continued from page 7)

would be necessary for the filing. So cancelled certificates are generally delivered to the corporations whose stock is represented, and they handle the problem in their own way. I was told that some of them "take a chance" and destroy these certificates after a brief period. Undoubtedly, Lloyd's of London would write a policy of insurance against damage liabilities in such a risk. Personally, I do not see why the transfer books of corporations should not give all necessary information for taxation purposes—but tax procedure is cumbersome in other ways.

How much of this transfer and registry business is done in New York?

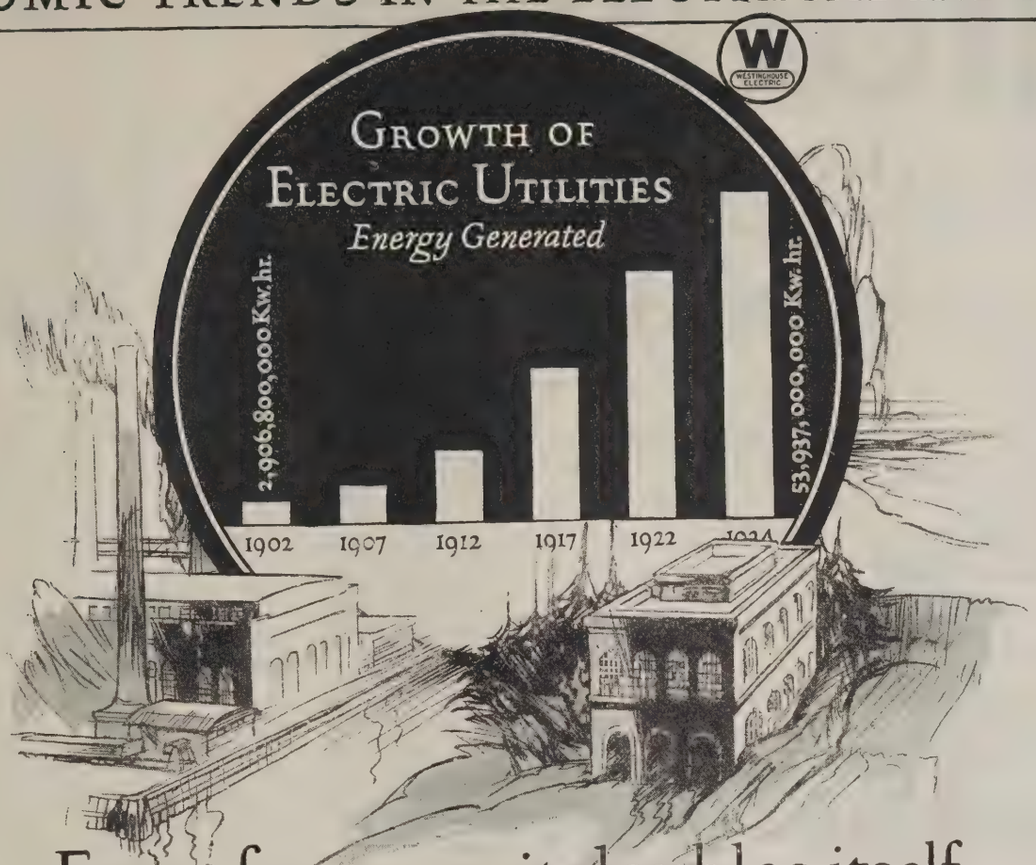
It isn't easy to put a foot rule on it and measure the volume, but I got several figures. The Guaranty Trust Company is admittedly leader. It renders such service to more separate corporations than any other in the country—large and small companies, in New York and throughout the nation. Measured in the actual number of individual certificates issued last year, it ran to 1,772,000, but this is no indication of the number of shares transferred, because one certificate will be for a single share, and the next one perhaps for several hundred, though the tendency is to transfer in 100 share lots for convenience in trading. Figuring in shares, and allowing $100 as the par value of each share regardless of its market value, and that much for each "no par" share, the Guaranty transferred $8,864,000,000 worth of securities. But this doesn't measure exactly, either, because the market value changes from hour to hour, and on different stocks ranges all the way from several times par down to a couple of dollars—in fact, some of the curb stocks are sold in cents. The Bankers Trust Company is popularly credited with about three-quarters the Guaranty's volume, and the New York Trust Company with about half.

THEY have another way of measuring this business—by accounts. Should you purchase a single share of International Paper, or fifty shares, or five thousand, the Transfer and Registry department would cut a stencil for you and get ready to send your dividend checks as long as you hold even a single share. It would change your record whenever you bought more shares or sold some of your holdings, and mail you company reports and notices. This relation with an individual shareholder is known as an "account," and an institution like the Guaranty Trust Company constantly carries about 2,000,000 of them.

During the bull market that came

(Continued on page 38)

# ECONOMIC TRENDS IN THE ELECTRICAL INDUSTRY




## Every five years it doubles itself

It's like going up a flight of stairs to trace, on a chart, the growth of the electric light and power industry in this country. That's because the rate of increases every five years has been so regular.

By 1907, for instance, the total energy generated was more than twice what it was in 1902. Five years later it had again doubled itself. Then again, five years later, in 1917. A 50 per cent increase over 1917 was registered in 1922. For 1927, however, authorities predict approximately another doubling; so, too, by 1933.

Customers served by the electric light and power companies are increasing at a rate of more than 1,000,000 annually. Nevertheless millions of homes, fifteen-sixteenths of American farms, and a large number of industries are still to be electrified.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
EAST PITTSBURGH, PA.

# Westinghouse

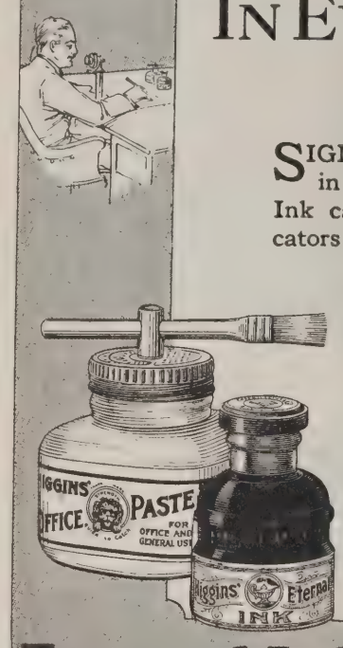
Westinghouse made the first commercial steam turbine generator installation of importance in America twenty-six years ago. It consisted of three units of 400 kw. capacity each. Today the largest single unit steam turbine generator in the world has a capacity of 60,000 kw. It was also built by Westinghouse.

HIGGINS'

IN EVERY BANK
*—for Safety's Sake*

SIGNATURES or figures written in HIGGINS' Eternal Black Ink cannot be altered by eradicators and will endure for all time.

HIGGINS' Office Paste is a favorite with banks for its fragrance and strength.






CHAS. M. HIGGINS & CO.
271 Ninth St., Brooklyn, N. Y.
*Chicago* *London*

**Eternal Ink & Office Paste**

# Proof!

"Your system, which we are now using is entirely satisfactory in every respect. It is indeed a valuable business asset and a fool-proof method of handling our note and loan business.

AMERICAN BANK & TRUST CO.
COLUMBIA, S. C.

*Letters of This Kind Express What Banks Invariably Say About the —*

## ONE OPERATION NOTE REGISTER

One Operation Note Register is so very simple in its operation, so safe, and absolutely "error proof." When once installed it immediately becomes a real asset to your Institution

*Write for Our Descriptive Catalog and Samples—Today!*

UNION SAVINGS SYSTEM COMPANY
*"Good Things for Banks"* LANCASTER, PA.

CANADA: BUSINESS SYSTEMS LTD., TORONTO



(Continued from page 36)

after election last autumn, in which more than 2,000,000 shares of stock daily were traded in on the New York Stock Exchange alone, great pressure was put upon Transfer and Registry. On the stock exchange the ticker was frequently fifteen minutes behind transactions, and brokers' clerks worked nights and holidays to catch up. Where the Guaranty's daily average during May had been 2,130 certificates for transfer and 1,994 for registry, during the first two weeks in December, the daily average was 7,127 for transfer and 4,712 for registry, or more than double. This sudden increase was backed up into every other Transfer and Registry department, and without warning. It is necessary to go back a good many years to find 2,000,000-share days on the New York Stock Exchange, and the boom came like an avalanche or a waterspout. One night the transfer folks went home after a normal day, and next afternoon found themselves right in the whirlpool of the market excitement.

Yet, in few cases was it necessary to work overtime, for a capable transfer force is something like the colored brother who was running away from a ghost. He kept increasing his speed and increasing it, but the ghost was right behind. He sped on, until he saw a jack rabbit running ahead. By letting out another notch of speed, he succeeded in passing the jack rabbit.

A GOOD transfer department has at least one more notch of speed. Or capacity, rather, because mere speed will not hasten this work. The whole routine of transfer and registry, from the time a certificate is receipted for, and the legality of the transfer determined, is one of single tasks, performed rapidly by clerks, stenographers and operators of various office machines.

In fact, it is the famous automobile assembling line. The routine followed by the New York Trust Company was inspired by Henry Ford's line, and it is today handling 25 per cent more normal business than was handled with the same work force three years ago.

You've heard it said that if one workman in the Ford assembling line pauses to scratch his ear, some unfortunate purchaser gets a car short the carburetor or transmission. In the stock transfer line, each worker not only has his or her little bit, but everything is checked back repeatedly.

Here's an illustration:

A certain large corporation has 65,000 stockholders who receive quarterly dividend checks. Between dividend days there are thousands of changes in the stockholders' list. In normal times, ownership may change once every two or three weeks, while in a bull market it may change in that

(Continued on page 40)

# *of* the widening field for Travelers Cheques

***Careful analysis of the sale*** of all travelers cheques for 1924 plainly indicates a marked widening of their protective and helpful service.

***The estimated total sales*** in the United States of all travelers cheques during 1924 was $300,000,000. Forty per cent of this amount, or $120,000,000, were carried abroad for use in foreign travel. Fifty per cent, or $150,000,000, were used by tourists, motorists and business men traveling in this country. Ten per cent, or $30,000,000, were sold to non-travelers in the United States.

***There are excellent reasons*** why 60% of all travelers cheques sold last year were used in the United States. Lawlessness is not decreasing. Petty pilfering and banditry are exacting their appalling toll from those who carry "easy money"—traveler or non-traveler. The general public is growing more careful. People are playing safe. Insured money in the pocket is quite as necessary, on the streets of *our cities*, as it is in traveling or for use abroad. Thus, people are insuring the contents of their wallets, wherever they are, through the use of travelers cheques.

***AMERICAN EXPRESS TRAVELERS CHEQUES have a double insurance value. They not only insure the actual funds wherever used but they insure the traveler against the many worries, uncertainties and misgivings that all people encounter when away from home.***

***At nearly 30,000 points*** in the United States are friendly offices manned by men trained to help those who carry American Express Travelers Cheques. No traveler need have any uncertainties in an express office, whether in Europe, South America, the Far East, ***or in the United States.*** "American Express," to its travelers cheque holders, is a byword of ***personal service.***

Of this service a writer in the November issue of NATIONS BUSINESS says:—

> "I do not know who the owners of the American Express Company are, or who operates it, but I am safe in saying that they do a great deal of work for nothing for people who may never spend a cent with them. I hope the company is prospering, for with its offices in almost every important city, it is undeniably of credit to American business methods—I know this is free advertising, but it is also good service to the reader."

***This is the service a bank offers*** its patrons when it starts them on their journeys equipped with American Express Travelers Cheques.

# American Express Co.

***65 Broadway, New York***

OFFICES IN ALL THE PRINCIPAL CITIES

## How Does the OTHER Bank Grow ?

The OTHER Bank Grows because it makes an effort to sell:

**Its investments to *your* large checking customers;**

**Its checking service to *your* checking customers who buy *its* investments;**

**Its Trust Service to important customers of *all your* departments;**

**Its Safe Deposit and Savings Departments to *all* your customers.**

The OTHER Bank's prospect list always includes the names of worth-while customers of your bank. This is one of the ways in which it unexpectedly—to you—gets your business.

The owner of a large business carried his checking account in bank A; his Will was drawn, naming bank B as executor. In January, 1925, he died. The checking account in bank A was automatically transferred to bank B under the administratorship.

There are many ways in which the OTHER Bank gets business from your customers who USE but *one* department of your bank.

USE the intelligent, well balanced organized selling method supplied by the Findex organization to get the profitable business.

ASK FOR AN OUTLINE OF THE PLAN.

**THE FINDEX COMPANY**
326 West Madison Street
CHICAGO
NEW YORK SAN FRANCISCO



## Your Bank Pays No More for Checks

ON SPECIAL DESIGN AMERICAN SAFETY THAN ON ORDINARY SAFETY PAPERS.

**Protection for Your Customer**

Your own safety design placed in the paper, both front and back.

No other bank can use your design.

Send check you now use and state quantities you buy.

We will submit a proposition of interest.

***Today! Write!***

**Midwest Lithographing Co.**
ST. LOUIS, MO.


(Continued from page 38)

many days. Furthermore, there are at least 600 Smiths always on the stock register of this company, and a good many of them Christian-named "John." On top of that, a broker's clerk will write "John Smith" this time, and "J. Smith" tomorrow, and "Jno. E. Smith" the day after tomorrow, perhaps meaning the same individual in all three cases, or maybe three different Smiths. This all involves frequent changing of stockholders' stencils, with manifest possibilities for error.

Yet a single error in a year on that particular corporation's transfers is considered exceptional. It gives real concern! The transfer executive gets busy immediately, and runs it down. And then, like as not, it proves to be the error of someone outside the office. Or if inside, the checking and re-checking incident to the transfer system will have done its work perfectly, but it is found that somebody made a slip in filing. It is a well-known fact that people do not file alike—the transfer executive has to make allowance for what scientists call the "personal equation." Again, a broker's messenger, handing in a stock certificate, is asked for the new owner's address, which has been overlooked. To avoid going back to the office he gives a fictitious address, expecting that it will be corrected later—but it slips through and makes trouble.

AFTER transfer and registry operations have been completed, the transfer sheets are handed over to an organization that specializes in the mailing of dividend checks, annual reports, subscription notices, meeting notices, proxies and the like. Millions of pieces of mail go out yearly, by processes that are highly mechanized.

The first task here is sorting into individual accounts the thousands of new shareholders listed on the day's transfer sheets. There will be a dozen of them on each sheet, line by line, just as they came in at the windows, without alphabetical arrangement, serial numbers, rhyme or reason. To get each on an individual card, a clerk lays the transfer sheet in a copying device, and lays the edge of a separate record card over each line. Pressure is applied, and he takes off an individual card for each shareholder, to serve as a record in mailing dividends and for other purposes, an address stencil being cut for each card.

With corporations having upwards of 100,000 registered stockholders, and the congestion of quarterly dividend days, nothing but machinery could get out the dividend checks in time, even if expense were no object. One of of these organizations will hustle them into the mail, by the ton, for as little as twelve and a half cents per check after the first thousand—which does not, however, include postage, check blanks envelopes or similar supplies.

The name and address of the shareholder is printed on the check with an addressing machine. Records show how many shares of stock he holds. A special "drum" is slipped into a check writing machine, the operator turns an indicator to the number of shares, and the machine correctly prints the amount due the shareholder in dividends. There are automatic computing drums to write dividends from ten cents a share upwards, on any number of shares. The checks are then signed on pantograph machines which write a dozen signatures simultaneously, and are mailed in "window" envelopes, so that practically the whole process of drawing and mailing the checks, posting the books and proving balances, is done with hardly the scratch of a pen or pencil.

THE facilities of this department are frequently used in transactions such as the increase of a corporation's capital. Through the sales organization, a detailed watch is kept upon practically every railroad, public utility and industrial corporation in the country of size sufficient to be considered in connection with new financing. Should a company that is already a client of the department decide to enlarge its capital, there is considerable routine work to be done, apart from the investigation of the company's standing and the approval of its new issue as an investment—matters which are handled in other departments. The first step, when a corporation increases its capital, usually is the mailing of a circular to stockholders explaining the reason for the increase, and calling a stockholders' meeting for approval. A proxy accompanies the circular, both mailed by the department. After the stockholders' meeting another circular is sent out announcing stockholders' rights to subscribe to the new issue. Such rights accrue on a certain date, and bring a rush of shareholders who have waited until the last day to have their stock transferred into their own name. This often brings in several thousand extra transfers just about the time the work on the issuance of subscription rights is going on, and when shareholders are notified of their rights, warrants are often transferred, split and combined. An increase of capital stock, carrying valuable subscription rights, also brings in hundreds of telephone, telegraph and mail inquiries.

"What possibilities in transfer business for the out-of-town banker?" I asked.

"Good possibilities, and getting better all the time," was the general opinion of New York's transfer men.

"New York will always be the big center, because here is where securities come to be sold. But local corporations whose stocks are held locally, are logical prospects for the local bankers in soliciting transfer business. And as the ownership of railroads, public utilities, industrial and other stocks spreads out over the country, and among all classes of people, the local banker will find it worth while to advertise his facilities for having stock transferred here in New York.

"More and more dividend-paying stocks are coming into possession of people who put them away as investments. These owners usually have small lots, maybe less than ten shares. They pay no attention to the stock ticker, even when business depression causes great depreciation in the market price, because they have confidence in the stock and the corporation behind it. It is only under some unusual circumstance, as death or misfortune, that such holdings are transferred.

"The owner or executor may know nothing whatever of transferring stock. In his innocence, he sends it direct to the New York transfer agent, thinking that the transaction will be simple. He knows nothing of the requirements for guaranteeing his signature, the payment of stamp taxes, the documents necessary to establish his authority if he is an executor.

"Least of all does he know that local banks have facilities for doing this work for a nominal fee. Why should he know? With all its advertising, the local bank has probably never told him anything about transfer and registry business. He should know about such service, and understand that it is quicker. And the local bank should master the technicalities of transfer, and advertise publicly for the business. It is there, and growing, and the possibilities are good for those who seek it."

## Open on the Plane of a Civic Event

(Continued from page 20)

sheet, was the release of some toy balloons at nine o'clock in the morning. These had coupons attached which were good for new accounts of different amounts and safe deposit boxes. This stunt brought a large army of boys and girls to the bank at an early hour. As it happened, a strong wind blowing that morning favored the bank and none of the coupons were brought in for redemption. One of the balloons, however, containing the names of two of the employees of the office, traveled a distance of more than four hundred miles and was picked up the next day in Shenandoah County, Virginia.

A large number of the bank's staff from the main office were stationed throughout the new building to keep the visitors moving and explain features of interest. Roses, cigars and toy balloons were distributed throughout the day. Each visitor was also presented with a copy of the early history of Bedford, especially prepared for the opening, by the publicity department. This was the first history of Bedford ever attempted and copies of it were much in demand. At the Chamber of Commerce dinner, mentioned earlier in this article, each diner was presented with a de luxe copy of this history inscribed with the recipient's name. The schools were given as many copies as they could use.

THE lobby was crowded continuously with people who had come to inspect the new quarters and open accounts. Officers from the main office worked in shifts throughout the day in the lobby. They made it a point to meet as many people as possible, to discuss with them the future of Bedford and to emphasize and pledge the part the bank expected to play in this development. Needless to say, this feature sold the people of Bedford on the idea that the bank really wanted to be helpful and was not there just to get deposits which it might take to more profitable fields for investment.

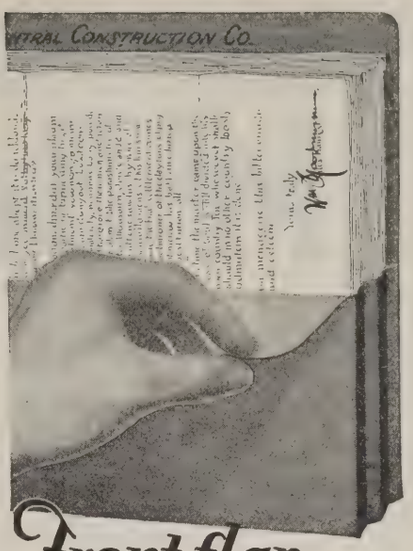
The opening of this new banking home had taken hold of the community in a way that made every resident feel that it was a civic event and one in which each of them was personally interested. Large baskets of flowers were sent to the manager by businessmen and friends with best wishes. Many of the local merchants offered specials, reducing prices on articles of merchandise ranging all the way from cakes to gasoline. One businessman placed several vacant lots on the main street at the disposal of bank visitors for use as parking space. During the evening the manager of a nearby summer resort took his dance orchestra to the bank and gave a fifteen minute musical program.

The Bedford Bank had been doing business in the community for nine years and yet this day was the biggest in its history. More people went through the building than actually lived in the town and as much new business came to it during the day as would usually be secured during an entire month.

We feel that this opening was one of the most successful ever held by the Cleveland Trust Company and attribute it entirely to the fact that we made it a civic event—made it "their party" as much as ours.

— — —

Makes a difference whether you are saving for a rainy day or a wet night.
—*Boston News Bureau.*

*Front flap bends forward*

Easy reference to any desired letter is one of the good features of **Vertex Pockets.** By turning down the front flap at half height, letters can easily and quickly be referred to, yet the major contents remain undisturbed.

Vertex
VERTICAL-EXPANDING
FILE POCKETS

have other features equally as pleasing. They expand as papers are added, doing away with overcrowded bulging folders.

No slumping in the files; indexes in full view. No hunting; you open the drawer and your eye travels immediately to what is wanted.

Sounds pretty good, don't you think?

**Make your filing dreams come true. Use the coupon below. A trial sample will be sent without charge or obligation**

**ALVAH BUSHNELL CO., Dept. C**
*Durable Filing Containers*
**933 Filbert St., Philadelphia, Pa.**

CUT HERE

Please send for examination and trial a free sample of BUSHNELL'S "VERTEX" Paperoid File Pocket, as described in April BURROUGHS CLEARING HOUSE.

Name of Firm _____

Address _____

Name of Person Inquiring _____

Letter size or Legal size desired? _____

If special size is required, send sample of sheet to be filed, and give width and height of drawer

**To Alvah Bushnell Co., Dept. C.**
**933 Filbert Street Philadelphia, Pa.**

# McBee Binders and

AFTER much study and research we developed our Style BF Compression Type Posting Binder, which, for bank work has many points of advantage. This binder can be supplied in all standard sizes. The rack is of natural finish oak, light in weight, cross braced and mortised.



# Forms *for* Banks

IN broadening our business to cover the bulk of needs in record keeping we did so knowing we had something definitely superior to offer.

This is particularly true of loose leaf binders and forms for banks, which we are equipped to produce in variety and quantity to supply every requirement of bookkeeping.

Simplicity, strength and durability have always been the chief recommendations of Mc Bee Binders.

Correctness of loose leaf forms is a result obtained after a long study of bookkeeping needs. Rulings, registration and cutting are as accurate as the most minute mechanical refinement will produce.

Paper quality is exactly suited to the particular use of the form. We are experts on paper and we dictate absolutely the quality of Mc Bee paper stock.

*Write for samples, suggestions, prices or any other details that will enable us to serve you. Or, write for the booklet—"What Mc Bee Means to You."*

THE McBEE BINDER COMPANY
ATHENS, OHIO

*Offices in Principal Cities*

FACTORIES: ATHENS, O. ST. LOUIS, MO. SUSSEX, N. J.

# The McBEE BINDER COMPANY

When you buy

RIBBONS

for your Adding Machine

There are just two things that you want your adding machine ribbons to do for you.

*First*—**give neat impressions that will last year after year.**

*Second*—**stand up under hard usage for a long period.**

Burroughs ribbons are designed to stand up under all the hard usage that you give them day after day.

And while giving this unusual service they also register neat and lasting impressions.

Only with good ribbons is it possible to get records that will continue to be neat and legible year after year.

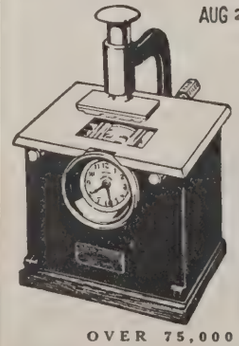
*Order from Your Burroughs Inspector*

These quality ribbons are carried to your office by the regular Burroughs inspectors who service your Burroughs equipment.

Or, you can order ribbons direct from

BURROUGHS ADDING MACHINE COMPANY
DETROIT, MICH.

If you really want to know how far bank advertising has advanced—see Reed's Master Plan for 1925. Nothing else can give you a full realization of the new order of things which P. M. Reed & Banker Associates, Chicago, have initiated.




(Facsimile imprint reduced in size)

**Avoid Disputes**

Keep an hour and minute time record of every visit to your **safe deposit vaults.**

The Kastens Time Stamp **prints each MINUTE,** hour and date automatically.

Catalog? Yes, an interesting one, too. Send for it, now.

HENRY KASTENS
422-424 W. 27th St.
New York City, N. Y.

OVER 75,000 IN USE

# The Compound Interest Column

*By* DON KNOWLTON

HOW does the bank publicity man go about obtaining publicity?

This is a question which often intrigues the uninitiated.

The stunt is one of proper planning and synchronizing, involving co-ordination of the event about which the publicity is to be built with the publicity stories themselves.

For the benefit of the curious, I here give an outline of ways, means and methods to be pursued, which may serve as a practice sheet. Let us assume, first, a hypothetical event—for instance, the fact that J. Jones, vice-president, eats an onion.

The most important preliminary precaution is to make sure that the aforesaid Jones will really eat the onion on the date and in the manner described in the various publicity stories, which, of course, must be written long in advance of the event itself, to allow sufficient time for multigraphing, addressing of envelopes, and so forth.

Having secured Jones' solemn promise to devour the vegetable according to specifications, publicity "releases" are then prepared, covering, in substance, the following subjects:

1. J. Jones, vice-president, threatens to eat onion at Country Club Dinner.

2. Mrs. J. Vandervater Smythwort, society leader, is interviewed on the subject of eating onions in public, as threatened by J. Jones, vice-president.

3. Mrs. Hank Upcomer, leader of the younger opposition society set, comes out flatly in favor of the onion breath, in the face of the conservative views expressed by Mrs. Smythwort, and upholds J. Jones, vice-president.

4. Dr. Sedgeworth Dillsnipe, dietitian, recommends the onion as a vitamine-containing vegetable, and congratulates J. Jones, vice-president, upon his resolve.

5. Mrs. Sally Kettlewell, author of Kettlewell's Klever Kook Book, gives the papers sixteen recipes for cooking onions, and sends autographed copy of her cook book to J. Jones, vice-president.

6. J. Jones, still adamant, insists he will eat the onion at the Country Club. Photographers prepare to snap flashlights.

7. Mr. Salisbury Chesterfield, author of "Etiquette," protests against the affront to society contemplated by J. Jones, vice-president.

8. Jones eats the onion.

9. Jones interviewed on how it feels to eat an onion, as it were, in the face of society.

10. Young Men's Onion Club organized, with J. Jones as president.

11. Association of Commission Merchants presents Young Men's Onion Club with twelve crates of the finest handpicked onions. Gift acknowledged by J. Jones.

12. J. Jones, vice-president, goes to Bermuda for his vacation.

Why, it's a cinch—provided, of course, that Jones' wife can stand the smell of onions, and provided too that Jones can keep his face straight.

Lady Customer—"Can I have four or five of these booklets telling about your bank?"

Ad Man, delightedly—"Of course, Madam! And may I ask you why you want so many copies? Perhaps to give to some of your friends—"

Lady Customer—"No—you see, my small boy likes to cut out the pictures."

First V.-P.—"Was the opening of our branch bank last night a success?"

Second V.-P.—"Hardly. About the only people there were the men from the other banks in town, who came to see how the flowers they sent stacked up against the other fellow's."

Cashier's wife, on the phone—"John, it's almost midnight! What are you doing? Isn't that directors' meeting over yet?"

Cashier, wearily—"No—some one went and left a cross word puzzle on the directors' table!"

Full many a quart of pure bouquet serene
The safety vaults of old decedents bear;
Full many a cork is drawn to pop unseen,
And waste its sweetness on a distant heir.

*A Confession*

I'm tired of going to luncheon
At clubs where a speaker orates,
And waiters are eagerly snooping
To snatch away half-finished plates.
These spell-binding prophets of business
Make me ill at ease and distraught;
If it isn't a "man with a message,"
It's some one who'll "leave us a thought."

I like just to sit, after luncheon,
And puff on a fragrant cigar,
And give my poor brain a vacation—
Digestion is better, by far.
These speeches, instructive and learned
Don't give me the thrill that they ought—
If it isn't a "man with a message,"
It's some one who'll "leave us a thought."

# TELLER TO BOOKKEEPER COMMUNICATION SYSTEM

## AS SHOWN BELOW—LEAVES A RECORD LIKE THIS—AT *BOTH* STATIONS

(ALWAYS TWO STATIONS CONCERNED)



TELLER writing to the Bookkeeper for a Depositor's "Balance"—as he writes, his inquiry is being reproduced on Telautograph in bookkeeping Department.
(This station costs 28c per day.)

*Below:*

BOOKKEEPER replying showing balance at the moment inquiry is received.

(This station costs 28c per day.)

INSTANTANEOUS !
SILENT !
ALWAYS SECRET !

Note Teller asks if balance covers note

Note
Frazer v Bell
3,869 84 N.Y.

Bookkeeper replies

O.K. 3869.84 P.J.

Paying Teller (or bookkeeper) asks Receiving Teller amount of customers' deposits during day:

Wadsworth & Co.

P.J.

Receiving Teller replies:

3869 36

Certification Clerk or Paying Teller to Bookkeeper for check certification

Certify
Brown & Kilmer
$ 5.000 00

Bookkeeper replies

O.K. $5000 00

B.K.

Adjuster or Pass Book Cage to Bookkeeper

Bal. Johnson & Black

Adj

Reply gives information for Depositor

16834 69

Paying Teller to Bookkeeper - amount of check presented for payment

Brown, Curtis & Co.
2876.92 P.J.

Bookkeeper replies

OK 2876 92 TB

## ELIMINATES

Embarrassment of Depositors—Because it is Secret !
Misunderstanding Names and Amounts Involved !
Shifted Responsibility When the Human Element Errs !
Delays Now Occurring When Lines Form Before Cages !

## ADDS TO

The Bank's Good-Will—Helps to Secure New Accounts!
Teller's Opportunities to Cultivate Depositor's Good-Will!
Bank's Assets by Eliminating All Involuntary Overdrafts!

**HUNDREDS OF BANKS HAVE USED TELAUTOGRAPHS FOR VERY MANY YEARS!!**
**SEND FOR OUR BOOKLET—OUR BANK ENGINEER—OR BOTH—NO OBLIGATION—EVER!**

# TELAUTOGRAPH [*SERVING BANKS SINCE 1902*] CORPORATION

General Offices and Factory—438-448 West 37th Street, NEW YORK CITY

*Branches in 38 Cities* *Service in 155 Cities*

# A Birthday More Than a Celebration

## Sales Methods on the Anniversary of a Trust Company That Got Results in Good Will and Community Interest

*By* HARRY E. MARTIN

WHEN a birthday party is more than a celebration, when it's more than eating cake and reminiscing—when, in fact, an anniversary is utilized for the cultivation of good will and future business, then it is worth serious consideration. With this thought in mind, executives planned and carried through the thirtieth anniversary celebration of the Guardian Savings and Trust Company of Cleveland, December 9, 10 and 11. The result, based on testimony of visiting bankers and local customers, was a birthday which promises a lot for the future growth of the institution, both in good will and in more tangible expressions of friendship.

No expensive books or brochures were issued in eulogy of the event, the bank or its officers. No special effort was made to stir up the enthusiasm of the staff, though every employee was encouraged to manifest his loyalty to the bank. The committee's whole problem was how to make the anniversary count most for the Guardian Bank of the future.

Two or three features stand out in the program, and the way in which they were handled may offer hints to other banks in planning anniversary celebrations.

First of all, there was the extensive publicity, carrying favorable mention of the bank to the millions of newspaper readers of northern Ohio.

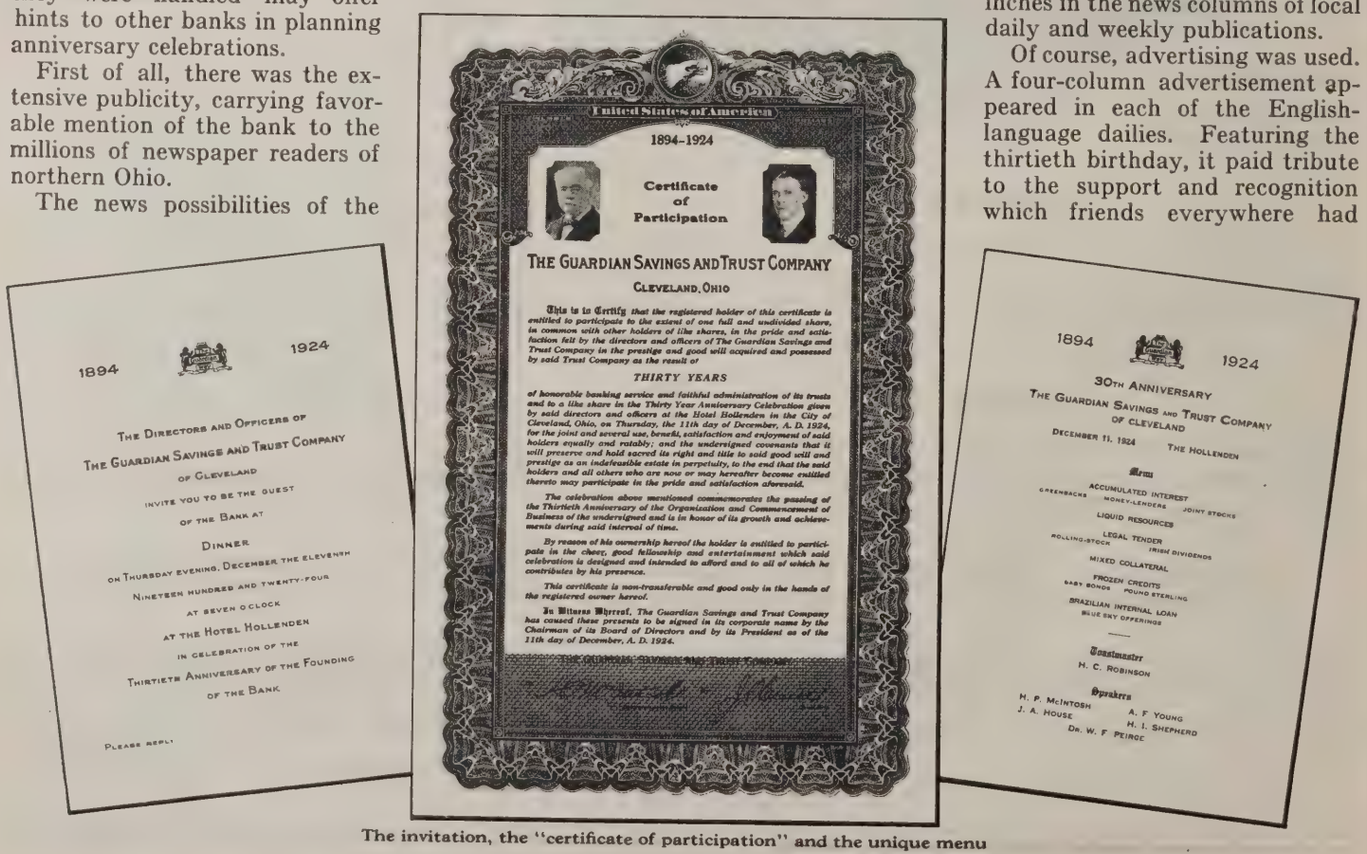
The news possibilities of the event were analyzed. The thirtieth birthday of the Guardian with its growth from a small office in a lower Superior Avenue building to a leading bank with nine offices, resources in excess of $115,000,000 and 625 employees, immediately offered material of definite news value. There were the human-interest features: The Guardian's president, J. A. House, started his banking career as one of the four first employees when the bank opened, and his rise from the bookkeeper's stool to the president's chair in twenty-two years offered almost Alger-like possibilities. H. P. McIntosh, chairman of the board, who was president for almost twenty years, started his career as a telegraph operator. Two other officers had joined the bank's staff more than a quarter of a century ago as a messenger and legal factotum respectively. Two vice-presidents, who came to the bank through a merger, have been important factors in Cleveland banking circles for more than fifty years.

Incidentally, the bank had been planning the opening of a branch in Cleveland Heights, a residence suburb. It was decided to open it, the Coventry office, on the bank's thirtieth birthday, December 10, thus giving this event the advantage of the additional publicity. The opening itself offered three news possibilities: The completion of the commercial building in which it is housed constituted a real-estate story, with a picture of the structure; the opening of this modern community bank was the second story; and the appointment of a junior officer as manager was another brief story, with a picture.

A dinner was planned for the night of December 11, and though no advance news was desired, the meeting itself gave opportunity for further news on the bank and its growth. Financial editors and managers of Cleveland daily newspapers and of the financial publications of the district were invited.

NEWSPAPERS were supplied with photographs and facts, ready for publication or easy editing. The result was that during the week the bank got space totalling almost a thousand inches in the news columns of local daily and weekly publications.

Of course, advertising was used. A four-column advertisement appeared in each of the English-language dailies. Featuring the thirtieth birthday, it paid tribute to the support and recognition which friends everywhere had

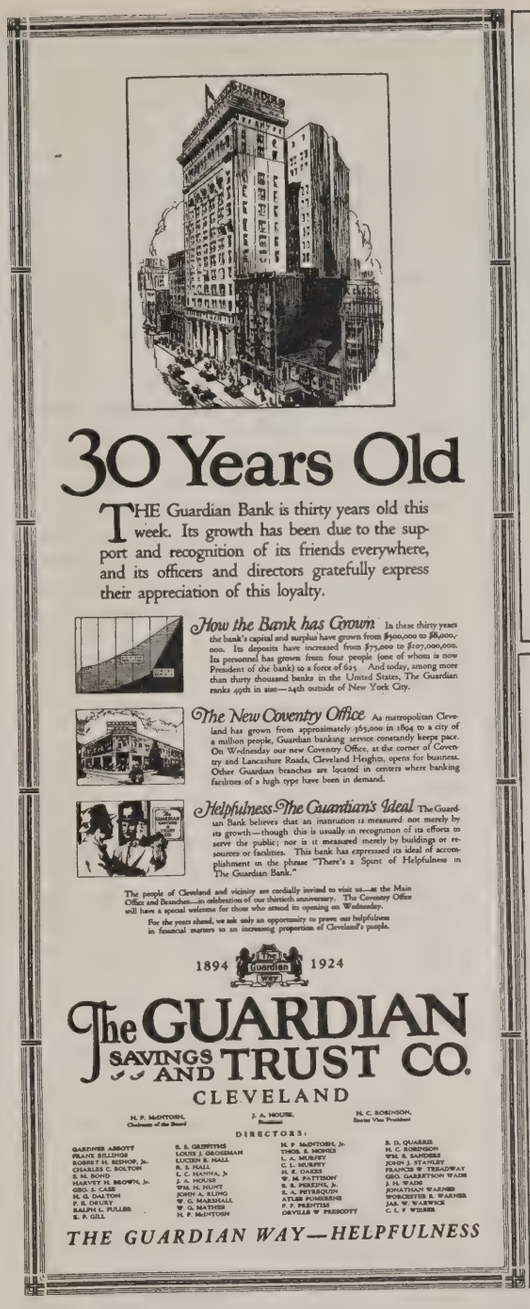



The invitation, the "certificate of participation" and the unique menu

given the institution. But it was more than a birthday announcement: it was a triple-purpose advertisement. It called attention by chart and words to the growth of the bank; told of the opening of the eighth branch; and re-emphasized the institution's slogan: "There's a spirit of helpfulness in the Guardian Bank."

Not content with merely sending out invitations to the opening of the Coventry office, the bank distributed widely in Cleveland Heights an effective four-page folder, showing that a complete banking service was available to the people of the community and that the office is located "in the heart of Cleveland Heights." A heart-shaped map indicated this. The branch manager's picture also appeared in the folder because he is well known in that suburb, and, in fact, was chosen for that position because of his wide acquaintance, as well as his banking experience.

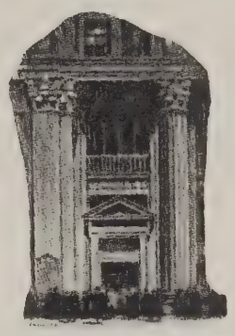
Opening of the Coventry office on the bank's birthday was a success. The lobby was packed with visitors and several hundred new accounts were opened.






ANNOUNCING
the Opening of the New
COVENTRY OFFICE
of
The GUARDIAN SAVINGS AND TRUST CO.
AT
Coventry and Lancashire Roads
CLEVELAND HEIGHTS

Under the Management of Mr. Frank G. Stuber



*Thirty Years of Helpfulness*

DURING the three days of the celebration the main office and the other seven branches were, of course, decorated with flowers, and officers and employees made a special effort to welcome all customers and visitors. Representatives of the Business Extension Department were in the lobby of the main office throughout the three days, welcoming prospects, meeting new customers, and, in general, making everybody feel at home.

On Thursday night the directors and officers gave a dinner to 400 guests, including representatives from the Federal Reserve Bank of Cleveland, state officials, representatives from correspondent banks, and commercial and trust customers and prospects.

The banquet invitations were different from the ordinary in that on page two appeared reproductions of three pages from the bank's first statement, listing the original officers, directors and stockholders. In contrast, page three was the roster of present-day officers and directors. But there wasn't any room for the Guardian's 950 stockholders on the 7 by 9¾ inch page.

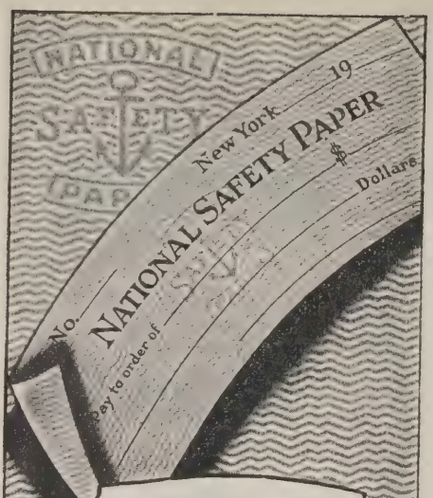
In lieu of the usual hackneyed place card, each guest received a formal-looking certificate of participation, expressing in happy legal phraseology the good will of the bank to the recipient. The certificate was lithographed on parchment and looked exactly like a stock certificate or bond. The certificates proved so interesting and attractive that guests carried them away as a souvenir.

The two inside pages of the menu were reproductions of the second and third pages of the invitation, listing the first officers, directors and stockholders and the present-day officers and directors.

A director or officer or both sat at each table to act as official host and to see that each guest knew every other person at the table. The customary formality of banquets was broken down, and everyone enjoyed the democracy and fellowship of the occasion.

Guests at the speakers' table were indicative of the good will the institution had won through its thirty years of growth, and undoubtedly impressed the others present with the significant place the bank held in the community, state and nation. Thomas R. Marshall, former vice-president of the United States, in Cleveland overnight, was an honor guest and gave an impromptu talk. The president of the Ohio Bar Association, the secretary of the state of Ohio, the state treasurer, the state superintendent of banks, the probate judge of Cuyahoga County, the city manager of Cleveland, the veteran attorney who drew up the bank's organization charter in 1894, and the president of a well-known college were seated at the table with such bank executives as the chairman of the board, the president, the senior vice-president, and two other vice-presidents.

ADDRESSES were given by four of the bank executives, presenting sidelights on the development of banking in Cleveland, the beginnings and growth of the Guardian and its possibilities for future service and expansion, and the development of the modern trust department to meet the demands of the




## Enjoy this assurance

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**George La Monte & Son**
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**61 Broadway, New York**

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times for a fiduciary agent to act for individuals and organizations. A customer, head of an institution for which the bank had been acting in a trust capacity for several years, gave the layman's view of Guardian helpfulness.

The dinner was interspersed with mass singing led by a director of the bank and special orchestra and vocal musical numbers. A huge birthday cake, with thirty lighted candles, was brought in before the speaking began, and President House was called upon to blow out the candles.

Although there was no attempt to lay special stress upon the bank or to sell its services, definite expressions from out-of-town bankers and from business men of Cleveland and adjacent centers indicate that the dinner-meeting created further good will for the bank, and, in some cases, this has already manifested itself in new accounts and in additional banking or trust business.

## Toby

(Continued from page 8)

"Yes, Toby speaks. What brings you here at this hour?" came from the rock before me.

"I—I heard you calling," I answered, dazed. Here was adventure. I looked about me. Over there was the dim outline of my hotel silhouetted against the waning moon. Behind me stood towering firs casting their fanciful shadows across the white road. A lone whippoorwill was singing his nightly message, while roundabout, crickets chirped with metronomical monotony.

"You are ill at ease, my friend. What troubles you? Surely you do not fear—a frog?"

"No, but I—"

"You are like thousands upon thousands of humans whom I have observed passing by in the last century. You are hog tied to the ancient mental traditions of your kind. Right now you are trying to find a precedent for this unusual situation. I marvel that you have not long since obeyed your natural instinct to propel yonder stone at me with the single impulse of testing your marksmanship. You see, my friend, I know men. To men who pass, frogs are—targets."

"But Toby, I assure you I have no such desire. I—"

"You are thrilled with the novelty of this meeting. You want to go back to your friends with the story of Toby. Doubtless, the most impressive statement you make to them will be: 'I have talked to Toby, the frog.'

"But you must tell them what I say. Tell them that happiness lies not in power. It lies rather in knowing one's place and in doing the things that place demands. We all have our place, even frogs. I daresay you and your friends at the hotel would be somewhat less comfortable these hot nights were it not for Toby. During my stay here I have eliminated some twenty million mosquitoes, twenty million possible discomforting factors in the lives of men. Fifty years ago I was prone to envy others their greener and smoother backs. I have survived while they have long since sacrificed their lives on the altar of ostentation. Tell men, then, to avoid envy, to have no false ambitions, to do the things for which they are best qualified and with the good of others in mind. Therein have I found happiness."

TOBY was tiring. I watched him, fascinated by what had taken place. His long hind legs gradually stretched away from his body until they hung limply over the edge of the rock. Aside from an occasional quick snap of his jaws he showed little animation, apparently awaiting my further challenge.

In the distance the faint tinkle of a bell and an occasional youthful "Sooee" announced the beginning of a choreboy's day. Gradually the singing sounds of night gave way to the sharper noises of another dawn. From the hotel came faintly the sound of voices, mingling with the rattle of pans and dishes, while from beyond a pump squeed to the countryside.

I thought I saw a look of satisfaction, of triumph, in Toby's glistening eyes as he snapped right and left for winged intruders upon the sanctity of his philosophy.

Directly he glanced toward the east, turned again to me and said:

"I hope I have not offended you, my friend. I have been brutally frank, perhaps, but it is only through truth that we may see clearly. But here comes a new day and with it, caution. Frog legs are a delicacy hereabouts, stones are plentiful and human desire is rife. So, my friend, I must leave you."

Toby slowly drew his withered body together in an effort to set himself firmly for a plunge into the pool.

"But, Toby," I cried, "I want to hear more of your philosophy."

"There is no more, my friend," he answered. "It is all so simple, after all. In our selfish desire to be kings, we forget we will always be frogs. Good-bye, my friend. Remember me and what I have said. Perhaps to you and through you I will have added to the common good. Good-bye."

Fixing his eyes on me for a moment he tensed his long legs and plunged—

Bang! Bang! Bang!

'Ye—ah, wassamatter? Where—I—"

"Four o'clock, Mr. Britt! You're goin' fishin'. Bang! Bang! Get up, Mr. Britt. They're waitin' fer yu! Bang!"

"Oh, 'um. Aw' right. 'm comin'!"

# Ideas—Inspired by the Staff

*By* ARTHUR R. BROWN

EVERY large corporation, whether industrial, commercial or banking, depends upon a certain few of its employees who may be relied upon to furnish their officers with 90 per cent of all submitted ideas. In other words, but a small quota of all of us use our imagination, inspiration and initiative for constructive purposes.

Contests carried on from time to time by various corporations do not as a rule bring out the best of ideas, for it is a forced condition and not a natural one. Ideas are the results of concentration and are not generally procured by diversified thinking engendered by high-pressure contests. Rarely are the prize-winning ideas really worth the entailed expense. The main trouble is, we try to hatch out too many eggs at one time. We spread out all over and try to cover more than we can keep warm, and the result is, the whole settin' spoils.

We all know the capacity of the camel for water. It is limited. But there is no limit to your capacity for imagination if you will cultivate it. Ideas are first imagined, then stimulated by inspiration and finally developed into action by initiative. The results procured, alone prove the value and worth of any idea.

In one of our large commercial cities, having a number of hyphenated, foreign-named financial institutions, there is an "American" Bank. One of the employees conceived a bright idea that a large American flag should be draped in a prominent place in the main banking room. And the more he concentrated upon the idea, the more his inspiration fired his initiative until he finally suggested the matter to the president of the bank. The decision was prompt and favorable and for the past two years a twenty-foot American flag has attracted the attention of many thousands of clients and others, and has tied up the idea of the bank American in ownership, American in principle and American in policy. A small idea to be sure, but this particular bank was for eighteen years without a display of the national colors in its lobby.

Another bank had been working under a national charter and one day decided to de-nationalize, so that it might extend its field of operation with profit to its stockholders and for greater service to its clients. This action being somewhat revolutionary at the time, it caused considerable comment among the numerous clients and small stockholders. And many, "having heard much but understanding less" about the Federal Reserve System, found themselves questioning the actual reasons for the de-nationalization.

One of the young men in the employ of this particular bank gave the matter some thought, as he was continually questioned as to WHY the change from a national bank to a state bank.

Knowing the real conditions and reasons thereof, he got an idea that if the bank were to place the well-known insignia of the Federal Reserve System on its checks and also on the windows of the bank, it would convey to the layman the same "strength of security" as is credited to the word "National." He submitted his idea and fortunately his superior officers acted favorably upon the suggestion. It was while the sign painter gold leafed the insignia on the front doors that our man of ideas got his first reaction. A stockholder of the bank, noting the sign painter at work, remarked "Well, I am glad to see we have joined the Federal Reserve System." He did not know that the bank had retained its membership and many others were also ignorant of the fact.

You say this is another small idea but you also know that a small straw shows which direction the wind blows; some winds kick up an awful storm.

IN A large city of one of the states permitting branch banks, there were several ideal openings or rather available sites for the establishment of well-paying branches. It occurred to an employee of one of the larger banks that his particular institution should be the one to covet the choice locations, and as the idea grew with him he convinced himself of the fact.

Imagining his bank established in the various districts, he visited these locations a great many times during week days, Sundays, holidays and evenings to gain knowledge of conditions of possible business for certain definite locations he had in mind. Many months were thus consumed and during this time he even went to the extent of drawing up tentative building plans for one of his contemplated branches. As he progressed with his ideas he submitted the various propositions to his president and although he had selected five sites within a period of two years, unfortunately no action was taken by his bank. Nevertheless, eight branch banks were subsequently established in these same five districts by competitive banks; thus proving the value and worth of his ideas.

Originality is of great assistance in the formulating of ideas and lucky

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Measured on the basis of cost per year, convenience, or prestige building appearance—the entire *Allsteel* line is a sound investment. The *Allsteel* mark is your guarantee of *permanent* satisfaction.

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indeed is he who is blessed with originality. Some three years ago, before the wave of specialized office buildings, a certain young man got an idea in his head that his city could very nicely support a large office building especially constructed, equipped and owned by prominent physicians, surgeons and dentists. After considerable thought and investigation, he submitted the matter to his bank and pointed out the advantages accruing to them during the financing of the project, the floating of the bonds and also through the accounts of the tenant-owners. In this particular instance the answer was negative.

One year later, other parties selected a site in the same district and with the assistance of a competitive bank erected a seventeen-story medico-dental building along the same financial plan as outlined by our friend.

Achievement is the goal of those formulating and initiating any idea, but unfortunately it does not lie within the power of all to make our ideas materialize to our advantage. In one of the large western cities a bank had erected a handsome twelve-story building, occupying the main floor as the banking room. For four years the large fifteen-foot solid mahogany doors weighing about 600 pounds each were not opened until 10 a. m. and at 3 p. m. they went BANG shut, just like that. Clients and others desiring to gain admission into the bank or the safe deposit vault in the basement, were expected to use a side door inconveniently located in the building elevator lobby. Those not knowing of this side door either returned to their office disappointed or else decided to do business with some other bank.

One of the employees noting all this, suggested to the officers that the front doors be opened at 9 a.m. and not closed until 5 p. m.; and in addition, there should be installed inside swinging glass doors to prevent the wind, dust and rain from interfering with the comfort of the employees and others. The idea was accepted and today, two years later, it would indeed appear strange to revert back to the old custom. Incidentally the Safe Deposit Department immediately benefited by the innovation as noted by the increase of access to the vault, and of course the bank's clients and customers were pleased. Another small idea but it took but two weeks for a new employee to observe what others had not noticed during the previous four years.

There is a certain amount of satisfaction in knowing that one's ideas are fundamentally correct and sound even though one does not always benefit by them. And as long as hope eternal springs in the human breast, ideas will be forthcoming.

Procrastination kills initiative (not to mention well-laid plans) but it has no effect upon originality; therefore, be original in your ideas and ere too long a period elapses you will surely benefit. With originality, you have the general law of averages handicapped.

Cultivate your sound imagination, stimulate your inspiration, develop your initiative and by concentrating on all three, you will some day attract the favorable attention of the "big chief" in the front office.

# Helping Build Bank Character

*By* ALBERT JOURNEAY

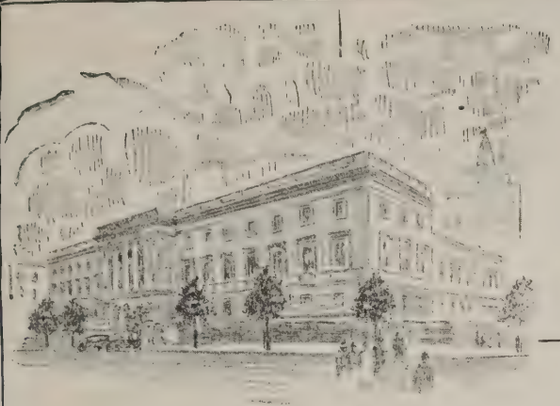
A BANK may have a splendid record of past achievement, large capital and surplus, a spacious banking room, but if it hasn't a capable personnel, the trend of its course will be downward. Just as men make universities, so men—and women—make banks. The officers and employees of an institution are the element that determines its success or failure.

Never before has there been greater need of initiative and ability in the banking field. Never has the competition for business been keener, and this competition has brought a great demand in the banking field, for men and women of capability, initiative and progressiveness—men and women who can safely tread the old paths but who can readily follow the new ones as well.

The officers of the State Bank of Chicago, realizing that there was hidden talent among their employees, sought a means of uncovering it. After careful thought and analysis, they, together with their advertising counsel, developed a plan, the results of which have been valuable and far-reaching.

They called it the "building bank character" plan. First they analyzed the things that added to the average employee's value and the things that detracted from it. Then they carefully prepared sixteen brief messages, constructive and positive—not preachments in any sense of the word—attractively printed in large type, on five- by eight-inch cards. Each Monday morning for sixteen weeks, one of these cards was placed on the working space of each employee, in a special stand that held it upright. Those who were interested and whose minds were receptive, were immediately impressed with the message, and the others, from

(Continued on page 52)



U. S. MINT
Philadelphia, Pa.

# Confidence

## *Based on Performance*

THE William Mann Company was founded in 1848—seventy-seven years ago! Its steady advance to leadership is proof that it has won and held the confidence of its customers.

That confidence is based on knowledge of Mann supremacy in the stationery field—knowledge based on experience.

This firm has made many important contributions to the development of business methods. Many of the improved bookkeeping forms and equipment are creations of Mann experts—men associated with us for years, familiar with all the details of business requirements.

Mann Bound and Loose Leaf Ledgers are fine in quality and workmanship, convenient in arrangement. Many municipalities and financial and commercial institutions keep their records on Mann-made books. The quality, workmanship and durability of these books insure the safe preservation of the records of your business for years.

Mann Service includes the making of any standard or special forms for every type of machine bookkeeping. It includes the manufacture of stock blank books and loose leaf ledgers as well as the production of custom work where this is required.

We can furnish every known device for making business methods simpler, easier, more accurate.

*Write for our booklets covering stationery and supplies. We can fill your requirements all the way from rubber bands to filing cabinets. You will not only find quality high but prices fair. All Mann products are absolutely guaranteed. State your specific needs and let us estimate on them.*

Mann-made Products include

*Blank Books*
Bound and Loose Leaf
*Lithographing*
*Printing*
*Engraving*
*Office and Bank Supplies*

Write for descriptive folders about

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## A Business Building Bank Service




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This beautiful Thrift Calendar is designed especially for *your* needs, Mr. Banker. It is a real work of art—a combination of beauty, quiet dignity and practical usefulness—a fitting representative of your business. Through the direct tie-up of its thrift appeal to saving in your bank it holds the good will of your regular patrons and brings you new customers.

### 12 Monthly Thrift Messages

**Only One Mailing**

Each month shows a finely executed compelling picture and a short sermon on thrift. Your imprint is prominently displayed under each month's picture. This provides your patrons with a monthly service at the small cost of *only one* mailing.

### Family Budget System

On the back of the Calendar is outlined a practical home budget system—how to plan, establish and control it. Shows how much *should* be saved regardless of size of income and *where* to save the money—in *your* bank.

### Exclusive Rights

The first bank in your city to place an order (subject to our acceptance) secures exclusive rights. Mail coupon for particulars.

### *Free Sample—Mail Coupon*

Don't place your order for 1926 Calendars until you have seen this beautiful piece of art work. Send coupon today and we will mail you one of the 1926 Thrift Calendars, without, of course, any obligation to you.

**Messenger Publishing Company,**
**5932 Wentworth Avenue, Chicago, Ill.**

Gentlemen: Send me a copy of your 1926 Thrift Calendars with price quotations.

*Name*.....

*Address*.....


(Continued from page 50)

constantly seeing it, subconsciously absorbed the thought—"took it in through their skins, in spite of themselves," as one eminent educator once said of certain of his students.

The titles of the messages are in themselves, interesting, and indicate how thoroughly the field was covered. The sixteen subjects selected were:

1. Good Morning.
2. Sincerity.
3. Know Your Bank.
4. Character.
5. Thank You.
6. I'm Sorry.
7. Loyalty.
8. New Business.
9. Personal Appearance.
10. Patience and Tact.
11. Atmosphere.
12. Teamwork.
13. On Time.
14. Serving Yourself.
15. Opportunity.
16. You are the Bank.

On the Friday preceding the first card, a letter was mailed to the home of each employee, telling him or her that the following Monday the bank was going to start something, and calling particular attention to the first message. It suggested that all of the messages be kept for a reason that would be divulged later.

COINCIDENT with the eighth card came another letter, announcing that the bank was going to give two prizes of one week's vacation for the two best essays written by employees, on the subject "Building Bank Character"—the essays to be submitted thirty days after the last card was issued.

In all, some forty members of the force submitted essays, though this by no means measured the number that had given serious thought to the subject. These essays now constitute one of the most prized bits of literature and information in the bank's archives. They showed sound constructive thought and a sincerity that augured well for the bank's future.

The essays, numbered and without indication of the authorship, were judged by a committee chosen from the bank's customers. It is interesting to note that the first and fourth awards went to men, and the second and third to women.

The prize winning essays and several others that received special mention, were published at intervals in the bank's house organ. In this way the messages on the card were strikingly reinforced and carried on for several weeks longer.

The officers have told me that this simple plan really helped to build bank character, and that the impetus given to the ambitions of many employees, would redound to their benefit and to the bank for many years to come.

## The Iron Envelope

(Continued from page 18)

John flashed out all but a wall light and then started in to help the old director to his feet, but he was waved back. Mr. Clutchbill rose on shaking legs like a wounded bear. He steadied his swaying body for a while with a hand on the vault entrance. Shoving up his cap visor, he scowled blindly at the forward leaning forms of the silent directors assembled to welcome his return to the world. With the slow, hissing vanity of a gander he strode slowly by them and got hold of John's arm.

"Something's got to be done to that cussed vault before I leave her," he complained. "Git me some carpet tacks."

John, trained to action alone at such times, pulled out a drawer under the counter and produced a small slate-colored box of carpet tacks. He handed them silently to Mr. Clutchbill while the row of directors abruptly finding their tongues crowded noisily around the old gentleman.

Mr. Clutchbill took the box and dug up a tack with his finger. He examined the specimen caustically. "They're awful short in the shank," he complained.

He took John by the arm, hitched his determined, bent shoulders around and headed for the vault. At the entrance he turned and looked sternly at the chattering directors. "You can all go now," he purred silkily, and then to John: "Hook up them lights here in the vault. I want to find that cussed ledge I sat down and went to sleep on. . . . I'm goin' to sprinkle her with tacks till we git shut of this stupefyin' spell of weather."

## The Diary of the Cashier's Check

*By* M. L. HAYWARD

Monday. X drew a draft on Y and handed it to the Z bank for collection.

Tuesday. Y, being a customer of the Z bank, gave the bank a check in its own favor for the amount of the deposit.

Wednesday. The Z bank mailed its cashier's check to X.

Thursday. The Z bank failed.

Whereupon X claimed that he was entitled to collect the unpaid cashier's check in full, as a preferred claim, and the Kansas Supreme Court in a case reported in 204 Pacific Reporter, 992, ruled in his favor.

"The court is of the opinion that where a payment to a bank is made by a check drawn thereon, the result is the same as though the depositor had presented his check, received the money over the counter, and then used it in making the payment," said the court.

## The New Bankers' Bank in New York

(Continued from page 22)

-efrigerating machines, immense mo-:or-driven ice cream freezers, and all the latest apparatus of culinary science. Expert dietitians are in charge of the kitchens.

Also on this fourteenth floor, just above the auditorium, is the gymnasium with adjoining showers and locker rooms. Bowling alleys and a billiard room are also provided, but these are down in the basement, on the second floor below the street.

The basement is, indeed, considerable of a world in itself, with its five full floors. The excavation is the largest ever undertaken in New York. In erecting a skyscraper it is necessary to sink the concrete foundations down to bedrock, but in this case the entire space was excavated. It involved the removal of 121,000 cubic yards of material. Cofferdams had to be built to protect the work, both from the caving-in of the earth due to the weight of surrounding buildings, and, later, as the excavation went deeper, from the water which seeped in as the workers got below tide level. This necessary excavation work constituted a large item in the cost of the building.

As explained before, the slope of the land makes the A floor of the basement level with Maiden Lane. In addition to the employees' entrance there is a service entrance here for trucks, through an arched doorway to a delivery platform on this floor. A steel-inclosed protection gallery leads around this platform, and from it riflemen command a view of every part of the trucking area and platform. The coin and bullion divisions with their tellers are located on this floor. (The money tellers in the cages on the street floor handle only currency.) Also on the A level is the central watch room, headquarters of the department of protection. An electric board here shows by signals the exact condition at the moment of all doors into the building and the vaults.

THE basement at B level houses the department of stationery and supplies. This is a storehouse in which one may get another reflection of the volume of the bank's operations. Here are bales of money bags, tons of stationery, rows of typewriters and other office machinery, barrels of liquid soap, drinking cups by the dozen crates—everything necessary to the functioning of a staff of 2,500 bank people. They can even answer on short notice a requisition for a desk or other piece of office furniture, though such bulky articles are kept in the Annex a few blocks away.

On this same floor is the electric service station, giving connection with the Edison power plant. The building is entirely self-sustaining as to light, heat, and power, but this station is provided as a safeguard against sudden breakdown of the building's power plant.

This power plant is down on the D level—two great Corliss engines driving two 600-kilowatt dynamos and various pumps and other machines. On the E level is the lineup of five 400-horsepower boilers which furnish steam for driving the engines and for heating the building.

The remainder of the basement is largely occupied by the vault, a three-story building within the building. The vault is of reinforced concrete and steel, with outer walls eight feet thick and the east wall ten feet thick. The upper story of the vault is devoted to securities, and has cages and desks for auditing and clerical work. The second story is the currency vault, and the lower story holds the bullion and coin. Each floor is 7,500 square feet, and thirty-five clerks and attendants are regularly employed in the vault and spend practically their entire time there.

IT GOES without saying that future growth has been provided for in this building. In every detail the planners did not confine themselves to present requirements, but looked ahead to the needs for many years to come.

The bank's statisticians made studies of business increases since the civil war. They found that in general the business of the country advances between 3 and 4 per cent a year, and that of the banks more than 7 per cent a year. Practically, banking operations double in volume every ten years. In 1900 there were 10,000 banks in the United States, and in 1920, 30,000. Resources and amount of business done increase faster than the number of banks. It has not been possible to figure exactly what increases may be expected of a Federal Reserve Bank, but in general the new building was planned to accommodate the business that would be represented by a personnel of 5,000 employees.

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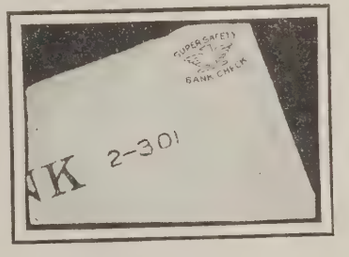
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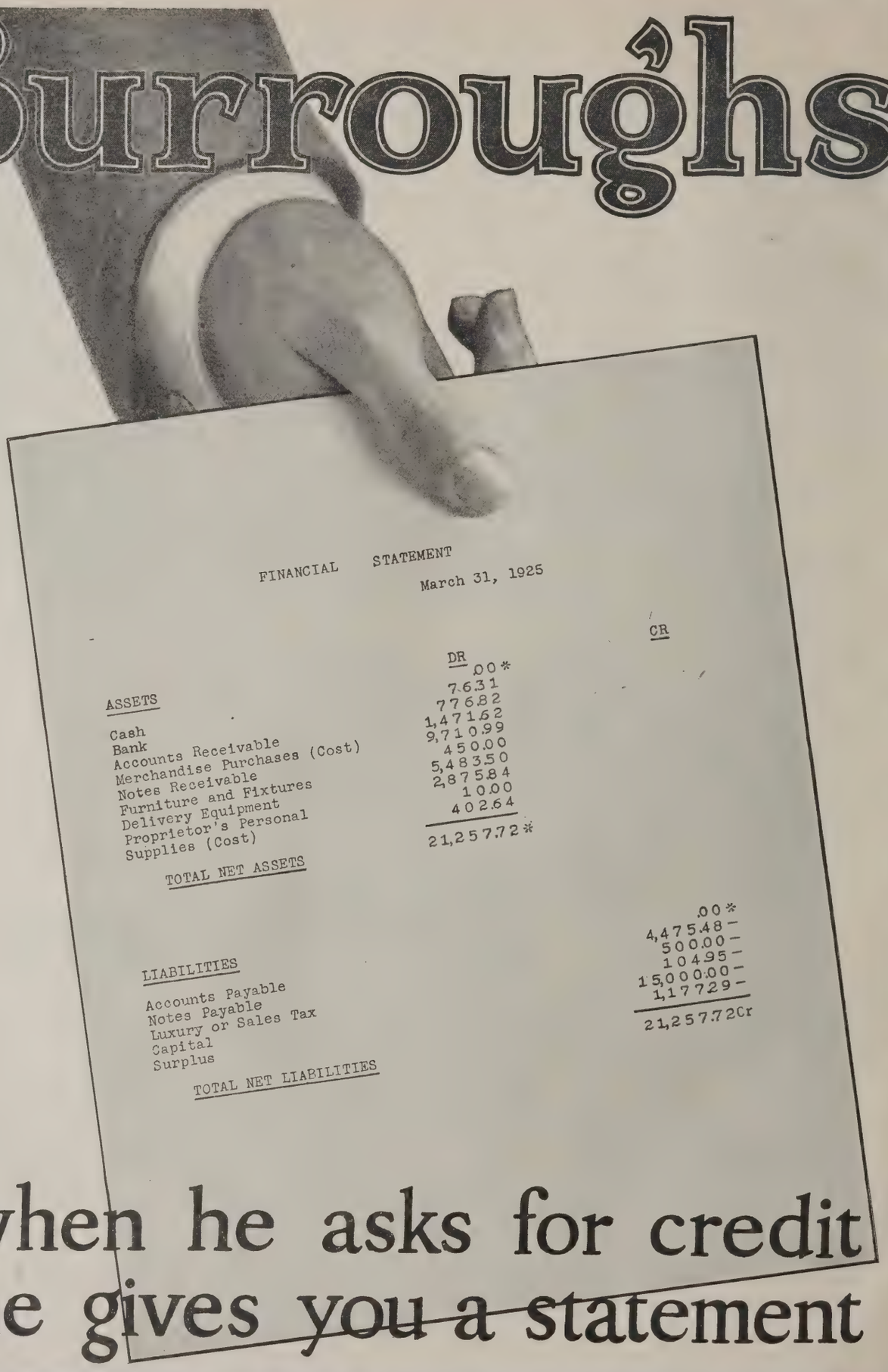



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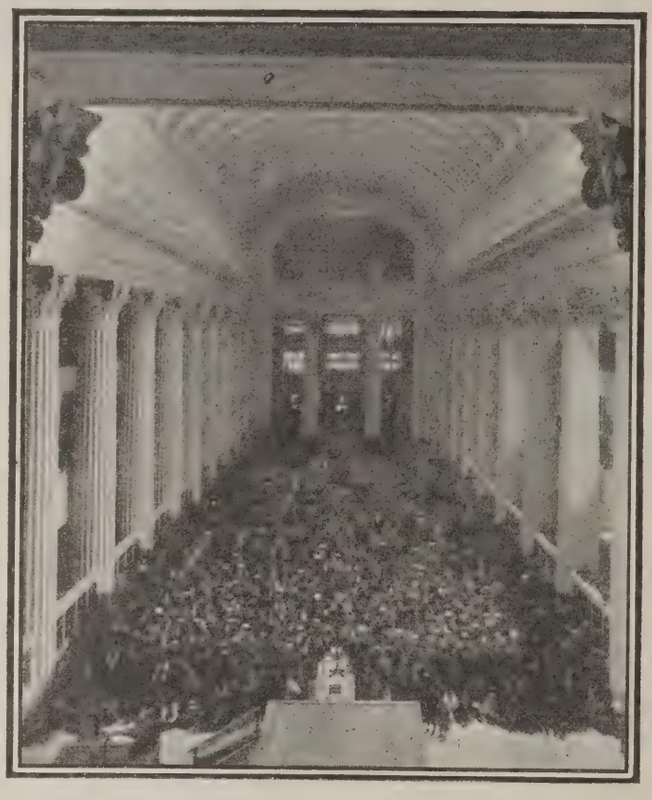
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## What Says the Law on Bank Credit?

(Continued from page 9)

right on the part of an individual is as well settled as the right to breathe; it is part and parcel of the fundamental principle of law that every man may choose with whom he shall contract; never has the law undertaken to make a contract for a man with one toward whom and with whom he has no contractual relations; and with an individual, so is it with a corporation, such as a bank.

True, we owe certain obligations to all persons, whether we have ever dealt with them or not in a business way; those obligations are the common ones of society and the business world; to injure a man wantonly or negligently or maliciously, in his credit, his person, his property or his reputation, would be a breach of those common obligations; but to furnish money to him with which to run his business, even if it be to save him from ruin, is not among the obligations owed.

This subject would not deserve this attention had it not been put forward in a publication of the standing of *The Nation*. I can only conjecture that the writer was but mentioning a point that had been raised in the trial, possibly by way of argument to the jury, or that it was distinctly coupled with the matter of combination and conspiracy.

## Not All God's Chillun Got Wings

A COLORED church in Georgia, with 140 members, appointed a banking committee of seven members, and the committee deposited church money in a Georgia bank with instructions that checks could be drawn against the deposit by a certain member of the committee, or by the pastor of the church.

The pastor checked out all the money, the individual members sued the bank, and the decision of the Georgia Court of Appeals is reported in 117 S. E. Reporter, 264.

The decision of the court was in favor of the bank, on the ground that when the church members entrusted their money to a committee, and authorized the committee to deposit it in the bank, the bank was authorized to deal with the money upon the terms and under the instructions given to it by the committee.—*M. L. Hayward.*

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ENGLAND'S RETURN TO THE GOLD STANDARD
CURB THE BURGLAR; INVESTMENT BANKING




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# The Burroughs Clearing House

HERBERT SHRYER
*Editor*

C. D. MACGREGOR
*Business Manager*

MAY, 1925
VOL. 9 NO. 8

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## *The Editor's Indorsement*

NOW the Illinois Bankers Association, alarmed at the increase of crimes gainst the banks "at once a menace and a error to every section of the state, particularly in the comparatively unprotected ural towns," is instituting a gigantic statevide campaign to drive the bank robbers ut of business. An army of armed townguards, to be under the supervision of the heriffs who will deputize them at need, vill be organized eventually in all of the 02 counties. This great force of "peace officers" the association will supply with guns and ammunition and place at the disposal of the sheriffs to form a closely knit, formidable protection for the entire state.

Supplementing the protective measure will be a legislative movement in which the bankers are uniting to obtain laws with teeth in them and revised statutes to impose heavier sentences on bandits convicted. A letter appealing for moral support and financial aid has gone to more than 2,000 member and non-member banks of the association.

The campaign for the association will be directed by R. C. Saunders, of Des Moines, who has been in charge of similar work for the Iowa Bankers Association for the past three years. In 1920, before the bankers began their organized offensive, Iowa banks suffered fifty-six attacks and a loss of $210,000. In 1923-1924, the height of the offensive, bank robberies were reduced to three with a negligible loss of $2,600. In Illinois last year there were seventy-three bank robberies and an aggregate loss of $325,000. Another beneficent result in Iowa was a cut in the robbery insurance rate to $1 per $1,000. The present rate in Illinois is $4 per $1,000.

Is life sentence a sure deterrent to bank bandits? Yes and no, if we are to accept as a criterion the figures from Iowa and Minnesota, the only states in the Union thus far that have written "life" into the statutes for bank holdup. In Iowa the "life" statute has been a very decided deterrent. In Minnesota it has not. The principal reason for the apparently contradictory results appears to be the infliction of capital punishment for murder in Iowa and the abolishment of capital punishment in Minnesota. It makes a world of difference. Next month Thomas J. Malone will present an interesting comparison of procedure under the life statute in both states and a critical analysis of the convictions.

In this issue Howard McLellan presents the case against the bank burglar, who, though temporarily crowded out of the spotlight of the underworld by the stick-up, is by no means to be ignored in the war to exterminate bank crime. Later Mr. McLellan will show how to build the hazards and subject the "heat" that every bank yegg fears because it cramps his style. Also coming from Mr. McLellan is an article on the legal aspects, explaining why so many crooks win their case in court.

WE WERE sobbing to our barber that the world's all wrong. What this country needs is a reduced rate for haircut to near-baldheaded men. "Not so," said he. "I ought to charge you double for my time required to hunt the hair."

How did we get that way? Listen, and take a deep breath while we read from a manuscript before us.

The common reply from such passengers aboard the *S. S. Venezuela*, as a member of the Foreign Relations Committee from one of the republics, Inspector of Consulates from Panama, a Central American doctor who had been doing research work for the Rockefeller Institute, and an American banker representing a Wall Street bank with heavy interests down there, to my question, "Why do not your moneyed people put in your improvements and keep foreign interests from gaining that hold on your countries?" was, "But your capital does that for us, it permits us to buy more land and raise larger coffee crops with our money and to become individually more wealthy."

Boy, the pulmotor!

FRANK Plachy, Jr., writing of the return to the gold standard in England, says: "It is difficult at first for an American in England to appreciate the popular feeling on this subject. Americans are so accustomed as a rule to letting events take their course without stopping very often to think of the profound influence of monetary affairs on our daily lives, that it seems strange to find an entire nation discussing the pros and cons of such a complicated question."

Mr. Plachy, formerly with the National City Bank of New York, and now residing in London, is a trained observer of the economic undercurrents.

Says the Mechanics & Metals National Bank of New York in its review of world trade for April: "The scale of good times in this country and the distribution of prosperity are more balanced than at any time since the close of the war. After all, however, it must be said that prosperity is taken pretty much for granted by the average American, who pays little attention to the contrast of his good fortune with the fortune of other people."

A nation unconcerned.

A CORRESPONDENT chides us for allowing H. W. Sanders to say in an article in the April issue that "last year the public bought cars (Fords) at the rate of 250 per minute, day and night." Sales of 131,400,000 cars is perhaps extravagant for 1924, but long ago we learned never to question the fabulous figures of Ford.

H. S.



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Vol. 9, No. 8 — The Burroughs Clearing House — May, 1925

# The Return to Gold in England

## Resumption of the Gold Standard Seems Assured, and All Britain Responds to Pride and Confidence

*By* FRANK PLACHY, JR.
*Photos by Ewing Galloway*

"LOOKING the dollar in the face" is the rather apt and felicitous way in which the average Englishman now regards the pound sterling. For a century and more, up to the outbreaking of the World War in 1914, sterling was the accepted standard by which every other currency in the world, the dollar included, was valued. But for the past ten years sterling has only been worth what it cost in American dollars, and now that a return to the gold standard seems assured, the whole of England, including every class from the street hawker to the banker, is lifting up its head with a renewed feeling of pride and confidence.

It is difficult at first for an American in England to appreciate the popular feeling on this subject. Americans are so accustomed as a rule to letting events take their course without stopping very often to think of the profound influence of monetary affairs and policies on our daily lives that it seems strange to find an entire nation discussing the pros and cons of such a complicated question. And the intelligence displayed in discussion proves that a clear public understanding of the question really exists.

The present generation of Americans cannot remember the time when the United States was struggling to resume specie payments, an event that took place under the able leadership of one of our greatest Secretaries of the Treasury, Hugh McCulloch, on January 1, 1879. Our experience during and following the Civil War was much like that through which Britain has passed since 1914, except that we had the rapid development of riches of a vast, virgin continent to help us, while Britain was handicapped by a large surplus population, a million unemployed workers, impoverished markets and a still largely disorganized continent at her doors.

It is interesting, however, to compare the reaction of the present




The Strand



The House of Parliament



The Bank of England

generation of Englishman to a return to gold with the reaction of Americans of the decade preceding 1879. The monetary issue, as always with us, brought forward a horde of politicians offering cure-alls and panaceas. It was held that the debtor and the working man were being crucified in the interest of the rich, security-holding classes. In spite of the successful return to gold at the end of 1879, it was not until the decisive election of 1896 that the patent nostrums of the politicians were finally abandoned for a genuine sound money policy.

WITH much the same stage setting now present in England, there is scarcely a voice raised in opposition to a return to gold. Here and there a jingoistic cry is raised that England's bankers are blindly following the United States and that the pound sterling should go its way independent of the dollar or of America's gold stock, but no responsible banker, financier, statesman or economic writer has come to the support of those who oppose a quick return to a free gold market.

On the contrary, there seems to be a practically unanimous belief that England, as almost exclusively a trading nation, must place its currency on such a stable basis that price fluctuations may be minimized and the general credit structure of the country placed on a competitive basis with the United States and Germany, England's present pacemakers.

One thing that must be said for the English is that they learn to profit by experience. Their situation at the close of the Napoleonic wars was much similar to that of the United States at the close of our Civil War. Following the Napoleonic war, a great many English business men believed that a return to gold would be suicidal and the report of the famous Bullion Committee, issued in 1810, was widely ridiculed. So great was the popular commotion that it was not until 1819 that a law was passed which provided for a gradual return to gold over a period of three years. Even the Bank of England was dubious over the outlook and its managers prevailed on Parliament to provide that at first it should be compelled to deliver gold only when the notes presented for payment amounted to sixty ounces of gold in each instance, and that payment should be tendered in gold bullion and not in coined money. The bullion provision was to prevent a popular rush to present for conversion into gold the sovereign notes then in circulation.

THE bank prepared 2,000 of these sixty-ounce gold bars to meet the anticipated rush. In all, thirteen bars were needed, certainly not an unlucky number in that case. It was the old story over again, as exemplified many times in our own country during times of bank runs—when the public found it could have gold, it was just as content to accept paper. So quick was the restoration of public confidence that although the bank had until May 1, 1823, to pay all its notes in gold, the market price actually fell to the mint price by August, 1819, so that free convertibility was automatically reestablished.

It almost seems as if the same thing were happening now in England, with the difference that public confidence is ahead of even the first move on the part of the Government or the Bank of England to remove the shackles from gold. The present restrictions on the export of gold from England



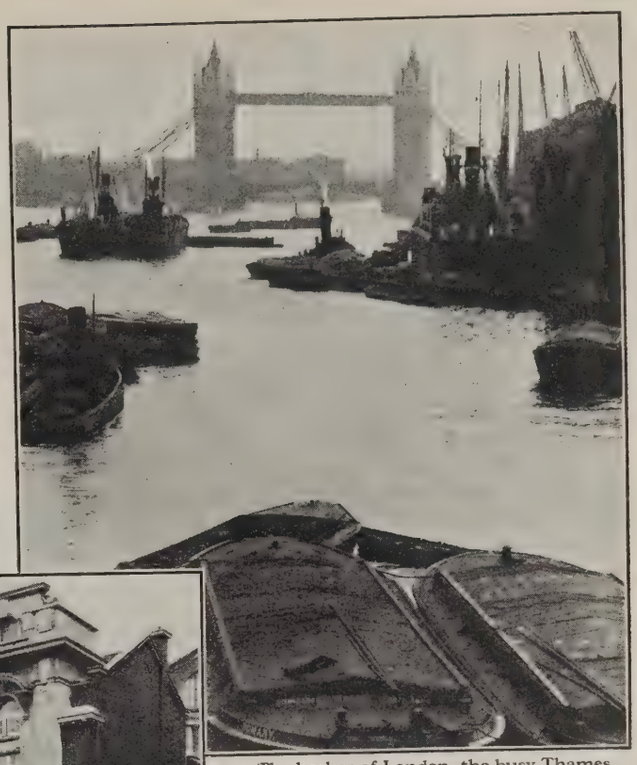
Billingsgate



remain in force to the end of this year and the belief is widely held that there will be no attempt to prolong the period. If, indeed, sterling, which is now (March 10) worth about $4.78 to the pound, should continue to climb during the next three or four months until it reached parity with the dollar, a free gold market would exist, to all intents and purposes, and all that would remain would be for the Government to remove all trace of the present restrictions and let the old law of supply and demand take over the job of maintaining financial equilibrium.

There is firm ground for believing that psychology has had quite as much to do with the gradual narrowing of the disparity between the pound and the dollar as any other reason. In view of the season of the year and the course of commodity and price movements, it is very difficult to see why sterling should increase in value at the expense of the dollar. Something must be allowed for the pride felt by the English in their currency and in their willingness to back up its value in competition with other currencies.

In spite of all this, however, there is a distinct possibility that when a free gold export market is re-established, as now seems practically certain, a distinction may be made between gold bullion for export to meet debts contracted abroad and gold for the convertibility of paper notes into minted sovereigns. The many factors to be considered by the Government and the bank before deciding just how far to go at first in paying out gold were exhaustively considered on March 4, when Mr. Reginald McKenna, chairman of the Midland Bank, appeared before the Commercial Committee of the House of Commons to give his views on the effect of the restoration of the gold standard on British trade.



The harbor of London, the busy Thames



The Royal Mint



The Customs. Below: In India—grain and cotton transports

Mr. McKenna estimated that before the war there were £120,000,000 in gold sovereigns in circulation, which, if again placed in circulation in place of the present Treasury notes, would require more than £200,000,000 because of the increase in price levels. This purchase of gold—by the Exchequer, of necessity—would be disastrous. It would also be injurious to trade because it would inevitably cause a fall in prices.

MR. McKENNA'S address was extremely interesting, in part because he stated his conviction that the whole question of the desirability of returning to gold lay in the question whether the annual output of gold throughout the world was more or less than adequate to meet the demands of world trade. On this point, Mr. McKenna believes that the present production of gold by the mines of the world is more than enough to meet all current trade needs; hence he thinks that with a free market gold would flow into England, credit would thereby be expanded, prices would be prevented from falling—at least unduly—and any fears that might otherwise be felt concerning the dangers of a too-quick return to gold would be neutralized.

A large body of economic opinion in the United States tends to the belief that, aside from the present upswing in prices over the past six or eight months, the normal tendency of prices will be to drop. If Mr. McKenna is right in believing that there will be more gold available than is required for legitimate credit requirements, the tendency will be quite the opposite, with results to the United States not altogether favorable. Our huge gold stock would seem to place us in an unfavorable position, if production increases at a fast rate

(Continued on page 46)

# Audit—Martinet, or Good Fairy?

## Both Sides of the Canadian System, the Battle of Reasons Versus Regulations, as Viewed by a Manager

*By* PERCY GOMERY
Canadian Bank of Commerce
Vancouver, B. C.

THE Canadian branch system and the system of traveling audit or internal inspection are traditionally so inseparable that their best friends wouldn't know them apart.

In most of the banks both routine and loans are examined at one time by an inspector, the whole thing, for that year, being disposed of when he leaves. A couple of the larger banks employ audit officers to examine the routine and verify the branch's balance sheet, leaving the loans to an inspector who comes later.

Loans of any size are, as a matter of fact, supervised immediately they are made by head office, but for obvious reasons the general manager must accept the working methods of a branch more or less on faith until his traveling representative verifies them. From the staff point of view, therefore, the auditor's report—the report on routine—is the important one. In his earlier years the average clerk plans how he will one day lessen the rigidity and what seems to him the uselessness of half of it. But, later on, if he shows promise enough to be made an inspector—

"The annual inspection," a high official addressed a bank gathering recently, "which was once dreaded and cursed is now anticipated as a season of helpfulness and pleasure." There was applause—from the elders who, like the speaker, would never be audited again. I remember talking the same way about dental operations—after mine was over.

A tactful inspector or audit officer often does leave behind him this impression of "helpfulness and pleasure" but when (as in some of the banks still) the list of complaints is kept strictly secret from the manager and staff until it reaches them in the shape of a cannon ball from head office, this happy result is virtually impossible. And to correct the "dreaded and cursed" would not seem to be the way of one audit officer whose practice in his surprise visit was to emulate the holdup artist by lining the members of the staff up against the wall until he had gone through every desk, drawer and cupboard in the place. This might have been fair practice for an encounter with bandits, except that fists and firearms were *verboten*.

Though actual, this is of course an obsolete case. Audits today are conducted in a most polite and gentlemanly manner.




Until recently the subsequent visit of the inspector was preceded by a report from the branch containing a minute, particularized and laborious history of loans, even the most trifling. In the case of the larger accounts it was mostly a repetition of what was on file already at head office. In labor alone this report cost hundreds of thousands of dollars in the aggregate. There is a broad suspicion that it was not always read. At any rate the more progressive of the banks have now abandoned it. The inspector, armed with a mere list of loans and securities, spends with the manager the time necessary to go conversationally over each account. If he considers one definitely objectionable, the fact may be put on record in the correspondence, but should a certain loan merely present undesirable aspects, the verbal hint of the inspector would be sufficient to guide the manager in his treatment of it and similar transactions offering.

The point is that inspection in Canada has been reduced to a conversational, man-to-man basis and the results are apparently satisfactory. If the manager has erred, or is slipping towards a loss, his correction administered in the spoken word, is far more magnetic and stimulating than the old way of the written word. And the manager has not suffered injury to his dignity or self-confidence.

Thus with the saving and benefits of the plan established, one wonders why some of the Canadian banks continue in the audit system the practice of placing the smallest and least important irregularities on record in the form most trying to their employees—communications signed by the general manager or other executive and demanding a signed explanation.

A modification has been introduced in one case, whereby the audit officer types a duplicate list of what are termed minor irregularities. He takes away a copy signed by the manager and the matter is closed. Other banks' inspectors go a step further by merely speaking of such irregularities as faulty signing authorities or matters which admit of no discussion, and reporting to the general manager only downright violations of principles and points on which the manager questions the inspector's judgment.

ONE manager, ordered to act as auditor-inspector at a neighboring branch, did so to the best of his ability and received the following from the general manager: "The list of irregularities for Bompton we notice is scarcely half as long as that sent in last year. We are wondering whether you went into matters thoroughly." On the other hand, a manager who had never acted as inspector told me that, while no special comment was made on the list of irregularities in detail, its length was always discussed by the general manager's department. These two men concluded that, if the list was long, the manager was blamed, if short, the audit officer. There seemed to be a suspicion that something must be wrong unless irregularities were uncovered.

In the case of the inspector, if in spite of a regulation against advances to moving-picture managers I have loaned old Dick Sanders of the Gaiety $200, I smilingly explain that Dick is quite a man hereabouts and honest, if usually hard up, and that his son would pay even if the old man did not. The representative of head office kindly quotes one or two recent unfortunate instances of similar loans, marks the account fifth class and passes on with a shrug which means, "Well, it's up to you!"

Not so the audit officer. When he conducts his surprise visits (anywhere from two to twenty-three months apart) he apparently has no authority to omit anything. If a careful planning of our routine has required that a clerk other than that named in the rules shall file the day's checks, the auditor is by no means satisfied to say, "It is a small matter; I leave it to your judgment." He may, and very likely does, recognize that expediency is better served in the breach than it would be in the observance, but it is his business only to see that cast iron rules, invented by others or himself for the presumable good of all, are carried out.

His view is that the purpose of a branch bank is to conduct itself within rules; the staff's contention is for performance of the maximum of service with a minimum of disturbance or waste energy. The audit officer says with perfect honesty, "My duty is to see that such-and-such precautions are taken, and that such-and-such forms are complied with." The manager replies with equal honesty, "The exigencies of our business do not admit of it. During the week that you and your assistants have been here our routine has been deplorably behind and customers are complaining of poor counter service."

These viewpoints must be reconciled. They can be and usually are, as a result of the audit.

The reason the audit officer is so concerned that Smith should file the checks is that Smith has charge of posting the ledger and therefore should have charge of the checks altogether, in case Jones had some interest in destroying one of them. The manager insists that all hands in the office are absolutely honest; the audit officer quietly explains that this has no bearing on the issue. The manager claims that no banking office in Canada is so guarded but that Jones, if he were criminally inclined, could find opportunity during the month to remove a check from the files, or abstract it while balancing pass books at the end of the month—for rules permit him to do this.

AT A certain branch the teller was in the habit of receiving payment of items and then handing the relative remittance slips to the accountant for signature. As he signed, the accountant initialed for the bill in the day's diary. But one day the teller, who was hard up and dishonest, destroyed the carbon copy of the remittance instead of entering it in his book as a credit, and pocketed the corresponding amount of cash. Next morning, in checking all entries in the teller's book, the accountant was of course without the duplicate, and apparently did not look again over the various amounts he had initialed in the diary. The amount was probably small or the accountant's memory would have told him that something was wrong.

The foregoing incident either happened or happened in the imagination of the inspecting officer. At any rate he invented a method, involving some more work and detail, to guard against the thing happening at any one of the other 300 branches. Three hundred men were given something else to do every day to avoid a fraud which with honest men would never suggest itself, but which, if they were not honest, provided a new trick of considerable ingenuity. At the conclusion of an audit a teller came to me laughingly, "Why, those fellows have taught me four ways to steal money."

The defeat of this kind of safety device might lie in this very fact. Is there a vicious circle here somewhere or is the head office merely keeping its system up to date? "Can we afford," the inspecting officer might say, "to turn a blind eye to a danger merely because the remedy might be followed by a possible fresh leak?"

In its last analysis the object of the inspection is to prevent losses both outside the counter and inside. The auditing officers are sharp men who carry a wealth of observation and information. Their advice as to safekeeping of cash, on hand and in transit, hints as to short cuts employed elsewhere and rectification of errors in conducting accounts and in a hundred ways are most valuable. But I have in mind the host of precautions, which are the stock-in-trade of audit officers—and more especially the youthful ones—which are the result of discovery, in near or far sources or in their keen fancy, of what might go wrong.

The teller in the First State Bank of Corntassel, Missouri, knows of several ways in which banks have lost money, because reports of the craftiness of erring humanity reach him from time to time. He fancies he has quite a list of things for which to be on guard. Compared, however, with the catalogue of ills which banks are heir to in possession of the teller at Boulder, Ontario, Corntassel's experience invites the reply of the negro who, after listening to the boastings of his friends as to what sights they had seen in the world, retorted, "You ever had the D. T.'s? Why, man, you ain't never seen nothing!"

To the faithful employee the circle of fraud is endless and he thinks the audit officer is obsessed with the notion that, by a nimble surprise movement from the rear, he can grab it by the tail and thus establish a Utopia of bank auditing. The matter-of-fact and more easy-going manager would have the restless inspector realize that there isn't any tail.

Mechanically speaking, if

(Continued on page 49)



# See, Hear and Buy

## Retail Methods for Selling Safe Deposit Boxes, from Display of the Goods to Cash

*By* D. K. SNOW

IN ITS merchandising problems, the safe deposit department differs from almost any other banking service.

The safe deposit customer buys the use of a tangible physical object—a little tin box—just as he would buy garage space, for instance. And he pays for it in advance. That is what makes the selling of safe deposit boxes so different from selling savings or checking accounts. The prospect does not simply avail himself of a service—he takes out his bill-folder or check book and parts with real money.

For these reasons, personal selling can be used with considerable effect in safe deposit box merchandising, just as in the case of any other article or service for which the prospect is asked to dig into his pocketbook. Without personal selling it is rather hard to persuade a prospect that he himself needs a safe deposit box on that very day. The average man believes in the theory of a safe deposit box, but he has the idea that a safe deposit box is something for a man with much more wealth than he. Furthermore, he sees no reason why he should not put off getting a safe deposit box until next week or next month or next year, so that although he may be sold on the idea, it often requires actual sales contact to make him part with his money and become the owner of a box.

Customers of other departments of the bank are the most logical prospects for safe deposit boxes. But owing to the physical construction of most of our banks, it is often impossible for the safe deposit man to see any of the bank's customers except those who already are customers of his own department. Most of our vaults are located on basement floors. The only people who go to the vault are those who come to open their own boxes. In fact, it is possible that many hundreds of the bank's customers do not even know of the bank's safe deposit department—or if they know of it, it does not occur to them that they might avail themselves of its advantages. The power of suggestion and imitation does not function here



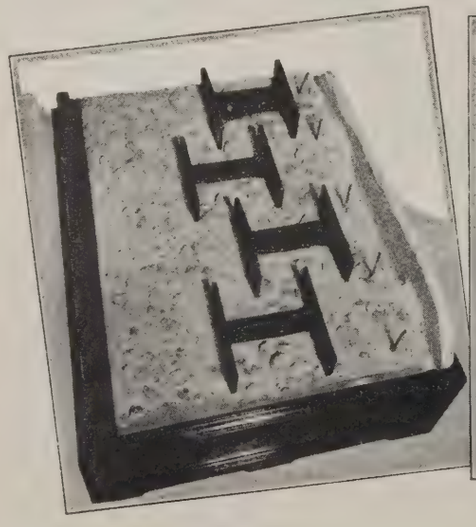




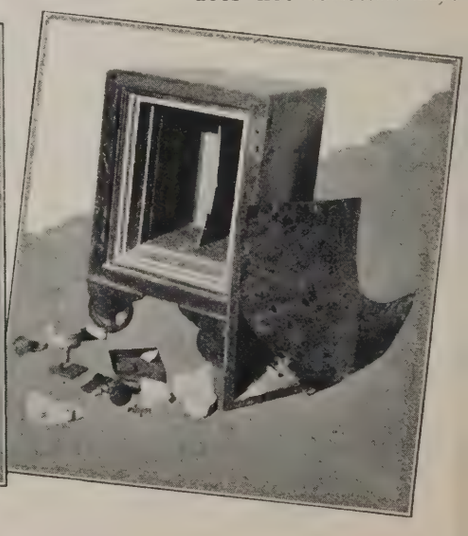
Upper right: The motorized double lock in motion

Center: The poster "Why Should You Escape?" and a morning-after photograph showing how the burglars ignored the vault door and went through the soft wall of a "safe" vault

Below: Actual exhibits—a section of Union Trust main wall construction, the effects of "soup" on another "perfectly safe" safe, and an old-time safe mostly knobs and key







as it does in the case of other banking services. Savings and commercial customers do not see friends and acquaintances and other customers actually transacting business in the vault.

The problem of selling safe deposit boxes to the bank's customers, therefore, is one, first of all, of arresting the attention of the customer that is not yet using that department, secondly guiding him from the main lobby of the bank to the vault downstairs, and thirdly, doing the actual personal selling to close the sale.

THE Union Trust Company of Cleveland recently conducted a safe deposit campaign along these lines, a campaign which has proved particularly successful in relation to the expense involved. The safe deposit department is downstairs, removed from the main lobby, accessible by elevator or by stairway. It is one of the largest vaults in the world and particularly well equipped—but not familiar to most of the bank's customers because it is not visible from the main lobby.

Bearing in mind the problems of safe deposit merchandising, the campaign was conducted in this manner:

First of all a folder containing general safe deposit selling copy was gotten out and distributed to the various departments of the bank, and there handed out to people who appeared to be prospects for safe deposit boxes. These folders were also placed in the lobby literature racks and on the information desks. This was merely background work calling general attention to the safe deposit department service.

The main feature of the campaign was a quite pretentious lobby display both of selling propaganda and of actual physical objects illustrating the needs of safe deposit box protection and the unfortunate results from ignoring this branch of the bank's service. At the main entrance all who entered the bank saw a large, attractive color poster picturing a woman who has just discovered that $7,000 worth of her gems have been stolen. The poster was headed "Why Should You Escape," and contained also a large number of newspaper clippings describing robberies.

Farther back in the main lobby, at the head of the stairs leading toward the safe deposit department, was a large motorized lock, a motion display to demonstrate visually why both keys, "yours and ours," are required to get into a safe deposit box. There were also exhibits of broken safes, sample sections of vault walls, and the like. The broken safes particularly attracted the interest of the passer-by in the lobby.

The crux of the whole campaign was the fact that at this exhibit was stationed a man to explain and display the exhibit, hold the attention of the casual visitors, arouse their interest and curiosity and try to persuade them to go downstairs to see our big safe deposit vault. Once downstairs, the interested prospect was immediately taken in hand by an experienced salesman—and if the sale was possible at all, it was made on the spot.



Another photograph—what happened to a grocery company's safe under the influence of "soup"

In short, the exhibit in the lobby upstairs was a "side-show," the man stationed at the exhibit was the "barker," and the object of the whole thing was to persuade the prospect to go downstairs into the "big tent." The display upstairs illustrated the dangers of being without protection—the vault downstairs showed the technique, the simplicity, and the actual physical extent of the protection offered by the bank.

There was an immediate following through from the point of casual interest of the passer-by to the point of intensive personal selling and actual sale.

There was nothing particularly original about this campaign—it merely utilized to sell a bank service the methods employed in hundreds of other lines of retailing in which the use of an article is sold outright for cash. Safe deposit boxes were not merely advertised—they were not merely offered to the public as a banking service—they were displayed, merchandised and sold.

# Some More Ideas from Cleveland

THE Guardian Savings and Trust Company, of Cleveland, takes no chances on overlooking a stop payment order in its savings department. The ledger card is replaced by an out card and is filed in a special part of the tray. The same method is used when a loan has been made on a savings pass book.

—

THE Cleveland Trust Company of Cleveland, Ohio, in its central file, which contains over 1,000,000 cards, checks the filing of every card to eliminate as far as possible the dangers of misplacement. As a card is filed, a guide with a projecting tab is placed behind it. A second girl removes this guide, but before doing so, looks at the card to see that it is in its proper place.

No cards are allowed out of the department unless personally delivered by one of the file girls. She waits until the desired information has been obtained from the card, and then personally returns it to the filing room.

—

WHEN the commercial depositor at the Union Trust Company, of Cleveland, also carries a savings account, the bank indicates the number of the savings account on the checking account ledger sheet in its individual ledgers.

Before a bookkeeper sends back an insufficient funds check, he phones to the savings department and finds the balance carried there.—*F. L. Beach.*



COURTESY, SYSTEM

Leland Stanford driving the last spike, May 10, 1869, for the first transcontinental railroad—from a painting by Thomas Hill

# The Rise of Investment Banking

## Though New, It Has Already Outgrown Wall Street, and Its Effects, Financial, Political and Social, Are Far-reaching

*By* C. F. BIRDSEYE

OUR whole investment security structure is new. Only a few decades ago there were no foundations on which to build and few proper materials for the superstructure.

The Embargo of 1807 left the country so divided that the War of 1812 almost went by default. The states were largely engaged in working out their own problems, each in its own way and with its own resources. Their chief resources were in their unappropriated lands, which must be quickly realized upon. The federal government, with over 1,000,000,000 acres of public lands to sell, was an unscrupulous and unwise political competitor of the states. By 1820 the whole West was insolvent on overdue land credits.

This sixty years of land speculation rivalry forced the states and the federal government, which were the only really large lenders, into building roads, canals and other internal improvements and into aiding all sorts of internal industries. State lotteries and land sales provided large surpluses. In those days it was far easier to sell state lottery tickets than any other form of public or private securities.

In 1792, with $175,037 of ordinary expenses, New York State made interest-bearing investments of $554,600, and in 1808, of $476,141. In 1819 the state held $996,800 of bank stocks, and in 1820 received $318,032 from bank dividends. During this period it loaned its surplus funds to cities, banks, manufacturing companies, counties, corporations and individuals, and assisted many a struggling manufacturer by loaning him funds or by discharging debts due to the state.

By 1817 Pennsylvania had spent $2,500,000 and its citizens $5,000,000 on internal improvements—resulting in over 1,000 miles of turnpikes and many fine bridges. Other states followed the same policy. The federal government built the Cumberland Pike—a toll road—from Cumberland, Md., to Vandalia, Ill., at a cost of $6,821,246. In 1816 the charters of the Baltimore banks were extended on condition that they would continue the Pike east to Baltimore. This proved a good investment, for the road stocks often paid 20 per cent.

A century ago there were no railroads, nor privately owned utilities except turnpikes, nor any sizable industries. The only predecessor of the Erie Canal was the Merrimack Canal, twenty-seven miles long and three feet deep, built between 1790 and 1804, to connect the Merrimack River with Boston Harbor. To remove the grass which grew in parts of the canal in the autumn, "a man is employed who wades along the canal and mows off the grass under water with a scythe."

The commissioners who recommended in 1817 that New York should build the Erie Canal reported that in their opinion "the journey can be completed from Lake Erie to Albany in ten days with perfect safety; and from Albany to New York there is the best sloop navigation in the world." Many

preferred the comfort of the two to five days' sloop trip from Albany to New York to the harder and much more costly 150 miles stagecoach ride over the Albany Post Road. By 1840, 4,468 miles of canals had been built, mostly by the states.

The funds to build the early railroads were largely furnished from public moneys. Between 1827 and 1842 New York loaned $4,435,700 to ten new railroads, losing $3,665,700. After 1836 Massachusetts similarly loaned $6,044,000. Some western and southern states built, owned and operated railroads to aid in developing their hinterlands not reached by rivers or state canals.

THE early roads were small and weak, built, like the earlier short turnpikes, to connect neighboring cities. For thirty years, and in the South for even more, trains were to run on pieces of strap iron fastened upon long longitudinal sills or sleepers. In 1904 the New York Central system was composed of the lines of 204 railroads as originally incorporated.

Evidently prior to about 1875 there was no physical basis for our present mass of investment securities. Nor was there an ethical or governmental regulation basis. Rate wars were common between competitive points, with the losses made up by higher charges in non-competitive regions. In one such rate cutting, cars of cattle, with the attendants, were carried from Council Bluffs to Chicago for one dollar per car.

Often more than 50 per cent of the regular passenger fare could be saved by shopping around among the scalpers' offices opposite the depot, for there was an unholy competition even between the scalpers. Legislatures were bought. Judges were bribed. Uncle Daniel Drew's favorite threat became a slang phrase—"Well, boys, we'll have to injine 'em." The Tweed ring and the Erie ring were contemporaneous and interlocking.

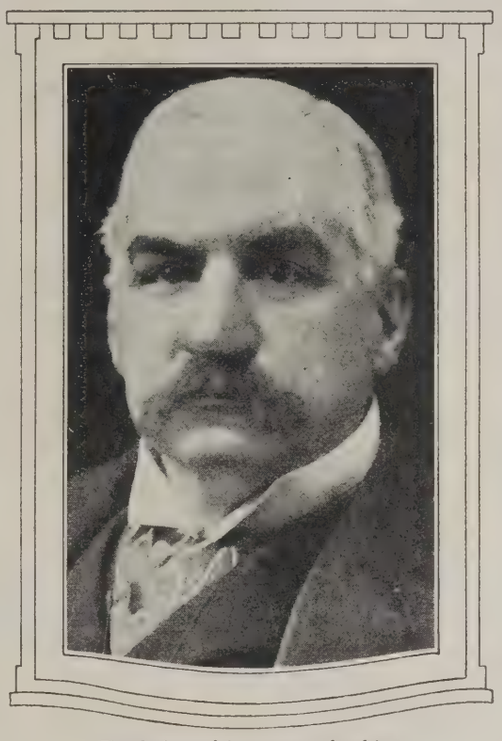
There was equal crudity in the forms of investment securities. The first mortgage to secure an issue of bonds appeared in the fifties, but the first to a corporate trustee was made in 1866. Some of these earlier trust mortgages were only four pages long.

Nor were there the present safeguards in dealings with such securities. In and prior to 1857 the capital stock of the New York and New Haven Railroad was fraudulently greatly overissued by Wall Street's most prominent banker. Thereafter overissuing was made a crime; and many years later the New York Stock Exchange required the registration of all stocks actively dealt in.

There were at least five chief elements in the development and growth of the investment security field, and in the development of constructive and protective law, as distinguished from litigative law, in connection therewith.

(a) The thorough analysis of all the facts regarding the underlying security so as to safeguard the investment to be based thereon.

(b) The development in the sixties of single-entry bookkeeping into double-entry bookkeeping; and therefrom, in the eighties, the growth of the science of accounting; and the organizing, in 1896, of the profession of certified public accountants.



The father of investment banking —the late J. Pierpont Morgan, Sr.

(c) The enormous growth in the number, efficiency and helpfulness of the trust companies, acting as disinterested but experienced trustees to safeguard the property and rights of others, and the extension to the national banks of the spirit and powers of the trust companies.

(d) The introduction and spread of syndicating and underwriting in issuing and marketing investment securities, with the consequent passing away of the individualism, secretiveness and ruinous competition of the old-fashioned banking.

(e) Above all a new spirit of fairness, business comity and mutual confidence between the parties directly interested—the owner, the banker and the ultimate investor.

We are now far enough into the new era to be able to understand and appreciate the history and meaning of the science of issuing and safeguarding investment securities as developed within the past forty-five years, largely by the late J. Pierpont Morgan.

The Grant and Ward panic of 1884 was aggravated and prolonged by the bankruptcy and receivership of the New York, West Shore and Buffalo Railway which had been built to parallel and blackmail the New York Central & Hudson River Railroad. William H. Vanderbilt swore that he would never buy the West Shore—even to stay the panic—until he acceded to Mr. Morgan's proposal to take it without cost. Thereupon Mr. Morgan suggested the ever-since familiar formula of buying a railroad with its own securities. A mortgage securing $50,000,000 of 4 per cent 475-year bonds was put upon the West Shore with which to reorganize it and complete its construction and equipment. So far this was old-fashioned reorganization practice and would have gotten nowhere. But when Mr. Morgan proposed that, in consideration of all of the capital stock of the reorganized West Shore and of a 475-year lease of the West Shore, with a 500 year renewal, the New York Central and Hudson River Railroad Company, with its high credit, should guarantee the principal and interest of the 475-year bonds, the trick was done.

Mr. Morgan's next outstanding contribution to modern financial and economic methods was in his new plan of reorganizing railroads. The previous simple and ineffective procedure had been to form a new company, with a slightly different name, to take over the bankrupt road, and issue about the same amounts and kinds of new securities to be exchanged for the old ones—"but print them in different colors." The new certificates were printed in blue or gold instead of black. Thus no one's feelings were badly hurt, although the new company staggered along under the same load of debt as its predecessor, plus the stigma of acknowledged and public bankruptcy.

MR. MORGAN'S plan was radically different and at that time absolutely novel—as novel as was Elias Howe's patent for putting the eye of his sewing machine needle at the point of the needle and not at the other end. Usually Mr. Morgan would only agree, if the matter was placed unconditionally in his hands, to use his best endeavors to make the road really solvent.

When these terms had been accepted, Mr. Morgan instituted a most careful and complete analysis of the road's history and exact condition, and then a synthesis based strictly upon the *status quo ante* of the property. He

ascertained the smallest net income, the irreducible minimum, which the road in its then condition could be counted on to earn towards its fixed charges, and then how much new money was needed to put the road into first-class condition to insure better earnings in the future.

If, for example, only $1,000,000 net per annum was certain to be earned for fixed charges, or 5 per cent upon $20,000,000, then $20,000,000 was the limit of the new 5 per cent first mortgage bonds to be issued for prior indebtedness, plus the amount of the new cash, for which like bonds would be issued at, say, 80, with some new common stock added. Former bond and stockholders had the first right to subscribe the cash for these new bonds, and were likely fully to exercise these rights because Drexel, Morgan & Company agreed to take, on the same terms, any bonds not thus taken. Junior securities were added whose income was dependent upon its being earned.

By this process all the water was squeezed out, and then some, oftentimes. No doubt it bore heavily upon many innocent holders who had bought the watered stuff at inflated prices; but it was the only way to build up a strong road and to insure against another receivership.

Most important of all, it taught Wall Street and the investment public a much needed and not-to-be-forgotten lesson as to the value of soberly considering the facts of a given situation, and that honesty and fair dealing were the best policy. During 1892, 1893 and 1894 two-thirds of our total railroad mileage were in receivers' hands; but of the roads reorganized by Drexel, Morgan & Company, none, I believe, has ever had to go again into a receiver's hands.

All this necessitated a most accurate and painstaking examination and analysis of details—the railroading, legal, accounting and banking minutiae. As Mr. Morgan abhorred giving his own time to collecting and sifting details, he gathered about him, with unerring judgment, Wall Street's first great reorganization team.

THE late Samuel Spencer, afterwards president of the Southern Railway, which he had helped to reorganize, was Mr. Morgan's railroad expert; and there was none better for the purpose. Legal matters, and they were intricate and difficult and often obscure or entirely novel and history making, were in charge of the late Francis Lynde Stetson, who was to become the dean of this branch of the law. The accounting, then almost an unknown science, was put into the hands of the late Hamilton S. Corwin, who had specialized in railroad work. The banker and business man was Charles H. Coster, the then youngest and latest partner of Drexel, Morgan & Company, who was eventually to work himself into an early grave over the minutiae which he felt were necessary to insure the correctness and lasting success of any plan upon which he placed his O. K.

Every man in this quartette was astute, painstaking, enamored of detail, levelheaded, farsighted and eminently just and fairminded. They were distinctly an unobtrusive and soft-spoken lot. They checked over each other's conclusions and represented teamwork to the *nth* power. They were pioneers also, for such accuracy and comprehensive investigation and analysis and synthesis were almost unknown in those days, and had been unattainable until the then recent introduction of double-entry bookkeeping and the erection upon that new foundation of modern accountancy. Double-entry bookkeeping, at first merely a device to detect errors in entering and posting, elicited many heated arguments as to whether the results justified the extra trouble and expense of "striking a balance." Gradually the science of accounting and cost accounting was evolved. Then came the first law (of New York in 1896), creating the new profession of certified public accountants, who were to follow closely in the steps of the English chartered accountants. Without these developments in accounting, modern investment banking would have been impossible.

In connection with the first Northern Pacific panic of November 11, 1890, and that of Baring Bros. four days later, Mr. Morgan enunciated and carried out his next innovation in Wall Street methods. He said: "In times of panic we are all merely a row of bricks, and if one falls over, there is no telling where the crash will end or who will escape. Therefore, if an important concern is embarrassed, ascertain the facts by an independent examination. If the concern is solvent but temporarily hard pressed, unite and save it. If it is found to be really insolvent, the sooner it goes down and the true state of affairs is fully known, the better." Mr. Morgan lived to apply in many cases this new version of the Golden Rule, and to see it become the settled practice in financial circles.

Up to 1873 there had been very few trust companies, and none with anything like modern notions of doing business. It was quite easy to get trust funds into a company's hands, but almost impossible to get them out without a decree in equity ordering the payment. Demands for payment were usually met with the excuse, "Why, these are trust funds and we are a trustee, and surely you do not expect us to pay over these funds without some court order or decree to protect all parties!" After 1882 the late Frederick P. Olcott, as head of the Central Trust Company of New York, chartered in 1873, introduced liberality and farsightedness into trust company practice; and a host of new companies formed to do business upon modern lines.

In the early eighties two other innovations came into Wall Street—that is, into the financial and economic life of the country; the syndicate and the recognition that investment securities should constitute a separate field in banking. These, with syndicate underwriting, were to mark the passing away of the old-time Wall Street methods, with its lambs and its wolves.

AT FIRST men had to be told what the word *syndicate* meant—that it was derived from the Dutch word *syndic*, and that syndicating was a time-honored practice in Holland, the original home of so many of the beneficent and accepted financial, economic and political practices of today.

As late as 1880 old bankers looked askance at a separate class of investment securities which were still in a very crude form. They refused to touch them themselves or to be drawn away from the then recognized forms of banking.

The new field was fundamentally different from the older forms of banking which had been chiefly confined to handling short time commercial paper and had been a party to the wild speculation on the New York Stock Exchange in the hectic days of Jay Gould, Jim Fisk and Uncle Daniel Drew. The general bank failures of the panics of 1837, 1847 and 1857 show the speculative character of this early banking. Until the eighties most of our railroads were upon a distinctly wildcatting basis, and the large industries were partnerships.

In the early eighties, because of this holding back of the older bankers, the new field of investment securities was left entirely to the newcomers—young and inexperienced men, largely recent college graduates. They worked out their problems, technique and rules very much as did their college chums who about the same time went into the equally new fields of the telephone, or electric light and power, or industrial chemistry. With much reluctance and doubt the older banking houses installed investment security departments.

Because investment security issues are usually in large amounts and must be placed in a comparatively short time and in relatively small amounts, they must be syndicated. The spread of syndicating further helped to end the old-fashioned individualistic,

(Continued on page 48)

# Can You Name Your Competitors?

## Bank Co-operation With a Former "Competitor," Life Insurance, to Help Repulse a Common Enemy

*By* SAM P. JUDD
Mercantile Trust Company
St. Louis

WHO are your competitors? Ask the average banker that question and he will start to name the other banks in his town. Tell him to guess again, and on second thought he may name a building and loan association and possibly a few life insurance companies. Let's see if he's right.

Competitor: One who competes; a rival.

On the face of the returns so far, it looks like the banker is right, doesn't it? There is competition and rivalry between local banks, first, and then between banks on one side and building associations on the other, and between banks on one side, and life insurance companies on the other. But let's get down to fundamentals.

When Herman Jones opens a bank account, in your bank or across the street, he is building, not destroying. He is making himself a greater asset to the community, therefore helping to build the community. All business and social conditions will improve just a little, because he is preparing to improve his business and social conditions. These conditions govern the prosperity of banks. There you are. Can you call your neighbor bank a competitor when it is helping you to build up that which creates your prosperity? The same thing is true of the building associations and life insurance companies. They're all stabilizers. Is one shock absorber on an automobile competing with the other? Wouldn't co-operation be a better word?

But the question is only half answered. If the legitimate financial interests are not competing but co-operating, who are the competitors? There's a clue in that word "legitimate."

Estimates of loss occasioned by illegitimate schemes and schemers run




The insurance advertisement and booklet, and (on the right) a broadside at the real enemy

as high as one billion dollars for the year of 1924. *There* are the competitors the banker forgot to name, and the peculiar part of it is that he refuses to recognize them as such. He forgets competition is competition, whether the other fellow is honest or dishonest.

Supposing Herman Jones, instead of opening that bank account, buys some worthless stock. What does that mean to the community? He doesn't want to lose his money. He is trying to better his business and social conditions. But he fails because the bank's real competitors, the community's real competitors, got in their destructive work. And after that Herman Jones is not as great an asset to the community. There's a certain amount of distrust of all business, good and bad, implanted in his breast. If his training has been sound, he comes back, but the good he can do his community has been delayed. If his training has been unsound, he is fit fodder for the waver of the scarlet flag.

So it seems, fundamentally, the banker's real competitor is not the legitimate financial interests which are helping him build, but the illegitimate, the crooked interests which would destroy what he is building. When this is thoroughly realized, every community large enough to have a police force will support a Better Business Bureau.

* * *

Not long ago the Mercantile Trust Company, of St. Louis, recognizing that life insurance companies were allies and not competitors, gave a dinner to some sixty local life insurance agents, in the interest of greater co-operation.

Thomas C. Hennings, vice-president of the trust company, and a former judge of the Circuit Court, issued invitations to all general agents in St. Louis, asking them to come personally or send a representative. President Festus J. Wade welcomed the guests with a short talk which showed that bankers recognize the great necessity of life insurance, and Judge Hennings, who acted as chairman, followed with a talk on the advantages of the life insurance trust as a method of distributing the proceeds of policies.

Interesting facts were brought out, showing the great need of co-operation. For instance, it was said that 90 per cent of all life insurance is being paid to beneficiaries in a lump sum, usually to beneficiaries who are not accustomed to handling sums of money, and that 75 per cent of this money is gone within seven years. Statistics were not available on how much of the billion dollars lost to the common enemy in 1924 was life insurance money, but all agreed that it reached a staggering total.

MR. Hennings pointed out that the life insurance trust offered the safest and most flexible way to make life insurance serve its real purpose, while at the same time it meant dollars and cents in the pockets of the underwriters by causing the buyer of insurance to think in terms of income rather than principal, therefore influencing him to buy more insurance.

After Chairman Hennings finished, the meeting was thrown open for discussion, and many points of advantage to both sides were brought to light. The insurance men agreed as one that they owed a debt to their clients which extended beyond the actual sale, and several cited instances where insurance had not served its purpose because it had been paid in a lump sum. It was pointed out that life insurance is purchased to replace an income, and that the logical way to pay it out, therefore, is in the form of income.

Joseph W. White, trust officer of the Mercantile Trust Company, then announced that an advertising campaign to sell the idea of life insurance trusts was to start the next morning, and at that moment a newsboy came in with the 9 p. m. edition of a morning paper which carried the first advertisement of the campaign.

A booklet on the subject was placed at each plate, and the guests were offered copies to send to their patrons and prospects. This booklet was being distributed in the city at the time, and it was pointed out that many people would be thinking of life insurance during that week who might not otherwise, and therefore it would be an unusually good time to sell more insurance.

When the evening's program was over, all agreed that the result was going to benefit not only life insurance men and trust companies, but particularly the buyers of insurance. The best prospect for insurance is one who has benefited by insurance, and a beneficiary who has had and lost is worse than one who has never had at all, for the same reason that Herman Jones is not quite as good a citizen after having been a victim of the crooked promoter.

And thus, by co-operating with what was formerly considered a competing interest, do we help to repulse the common enemy, and at the same time make the business world a safer place for Herman Jones.

# When the Depositor Owes the Bank

*By* M. L. HAYWARD

"THE Snow Bank's in liquidation, and I'm the receiver."

"That so? What you receiving?"

"Well, for one thing the bank held your note for $10,000. I'd be glad to receive your check right now."

"Well, if you'll look a little farther you'll find that I'm a depositor to the extent of $10,010. You pay me that and I'll gladly pay my note."

"Sorry—but there'll be nothing for the depositors when the preferred claims and expenses are paid."

"Well, in that case I'll wait for you to sue me on my note, and then I'll offset my deposit against your suit."

This imaginary but quite possible conversation involves a question that is of considerable practical importance, and sure to arise whenever a bank "goes up."

*When the Depositor's Debt is Due*

In cases where a depositor owes an insolvent bank an overdue debt, the American courts hold that he is entitled to offset his deposit.

"Where a setoff is otherwise valid it is not perceived how its allowance can be a preference, and it is clear that it is only the balance, if any, after the setoff is deducted, which can justly be held to be part of the assets of the insolvent bank. The requirement as to ratable dividends is to make them from what belongs to the bank, and that which at the time of the insolvency belongs to the debtor does not belong to the bank," says the United States Supreme Court, and the same rule has been laid down by the courts of California, Colorado, Connecticut, Illinois, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Washington, Wisconsin and a few other states.

*When the Depositor's Debt is Not Due*

In cases where the depositor's debt to the bank is unmatured, a different situation arises, and the law is not so clear.

"You can't offset a deposit payable to you now against a debt due in the future," the receiver argues and a few states, including Kentucky and Louisiana, uphold his contention.

"At the moment of the declared insolvency, the unmatured debt of the depositor to the bank is not demandable, and, from that moment until the liquidation is completed, the debts due the depositors by the bank become subject to a new liquidation," is the reasoning of the Louisiana courts.

On the other hand, the weight of authority is that the right of setoff

(Continued on page 44)

# With Heart and Soul in Savings

## How Kindliness, Helpfulness and a Bit of Sentiment Have Built a Great Institution in Downtown New York

*By* JAMES H. COLLINS

IN THE week of the Great Blizzard, March, 1888, one of New York's date lines, a group of newspaper printers, clerks, editors and reporters met in Cooper Union and organized a savings-and-loan association.

Motive?

Well, the idea was in the air, had taken hold of popular fancy, as cross word puzzles and radio have today. Everybody was organizing them. The *Herald* had one, the *Star* had one, the *Sun*—so why not the employees of the *Daily News*, the one-cent journal of the masses?

They organized a "limited" association—only 600 persons could join. There was some talk of electing their managing editor president, but he declined, so they elected the "kid" city editor, a young fellow named Hennessy.

"Born in the Big Blizzard" was for several years the organization's slogan, and naturally it was called the Daily News Savings & Loan Association. For a time it did business only with people employed on that newspaper. The membership was not large enough, however, and before long, shares were at a premium. The only way a new member could join was to buy the book of an old member. Each month, the president auctioned money off to the mortgage borrowers who were willing to pay the highest premiums over the regular interest rate.

The limited membership was seen to be a mistake. Wherefore, it was decided to amend the rules, do away with the premiums on membership and loans, rename the institution, and set up offices outside.

Casting about for a name, someone saw the well-known statue of Ben Franklin on Park Row and suggested his name as suitable for a thrift association of newspaper people. It was adopted, and the "Franklin Society For Home-Building and Savings" moved into a small office "over the beanery" on Park Row. It has always been in this neighborhood, and is now at 15 Park Row. Only within the past few years has the institution enjoyed the advantages of a ground floor location, having done business on second floors, sometimes pretty high ones if there were stairs to be climbed, and in one location with a door flanked on each side by the door of a saloon.




On Park Row since its founding in 1888

Today, the Franklin Society has between $13,000,000 and $14,000,000 in assets and is growing at such a rate that, within the next five years, it should have between $60,000,000 or $70,000,000.

This is the story of that growth, told for the benefit of other folks interested in the upbuilding of savings institutions.

THE really big thing seems to be a certain spirit of kindliness and helpfulness, spiced with a dash of sentiment. From the very beginning, when the officers knew all the members as Tom, Jake and Mary, it was natural to give advice, help members in money difficulties, and perform little chores that, while entirely legitimate, were no part of banking service, strictly speaking. That was done when the institution had a family membership, and it has been done ever since, though the family has now grown beyond 25,000.

I may be wrong in thinking that the chief thing. It isn't the only element of growth, however, and you may prefer to make your own choice from other factors: For instance, there is a man—Charles O'Connor Hennessy, the original "kid" city editor, who has always been active in the institution, and is today president.

Then, there has always been advertising. No great splurge, because the advertising expenditure has never been large. But from an opening series of announcements in the old *Daily News* itself, there has been advertising, often ingenious, and always human.

The Society has also been quick to adopt or adapt anything that would facilitate the handling of business, both to save cost on routine work inside and to make things convenient for depositors and borrowers; and the idea of the mutual building-and-loan association has never been lost sight of. A commercial bank is one kind of institution, a mutual savings bank another kind, and a building-and-loan association is entirely distinct in its field.

Mr. Hennessy comes naturally by his Irish name, having been born in Waterford, Ireland, in 1860, emigrating to the United States when he was eleven years old. His father was a newspaper man, thirty years night city editor of the *New York Times*. His two brothers were reporters. The romance of reporting appealed to him, so after public schooling he got a newspaper job in Troy where he did pretty much everything in the editorial room, and came from there to the old *Daily News*—where his first assignment was to cover the opening of the Booklyn Bridge—and soon rose to the position of city editor at twenty-five, having charge of thirty reporters.

When the Daily News Savings Association was renamed and opened for business with the general public, its assets grew rapidly to between $600,000 and $700,000. Young Hennessy was given executive management at a small salary, and became so interested in the building-and-loan movement, that before long he quit newspaper work. He helped organize the New York State association of these societies, and later helped organize the

national association. In addition, Mr. Hennessy has had considerable active public life, entering politics in his home state of New Jersey with Woodrow Wilson, serving as a senator of that state, and running for United States senator.

The building-and-loan association gets close to its members because many of them finance, through its aid, that major transaction of a lifetime—the purchase of a home. Besides lending the money on mortgage, the association's officers and attorneys pass upon the purchase, and often supervise the erection of the building. The borrower enters into a long-term agreement that, by monthly payments like rent, attaches him to the association for ten or twelve years. During that time, trouble may arise or further counsel be needed. A member need not be a borrower to get into real estate difficulties.

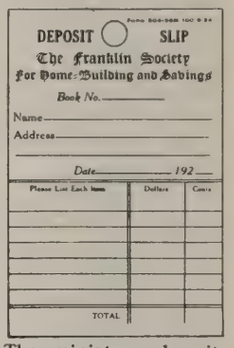
The other day, one of the original 600, a printer, came in to ask what he could do about a house tangle affecting his son-in-law. This printer had been at first an unmarried man setting aside a few dollars weekly. Then he married, financed the purchase of a home through the Society, maintained savings accounts for his children, who in turn financed the purchase of homes when they grew up and married, and finally here, in his old age, he still needed expert advice. But for thirty-five years he has always known where to go and get it, and, appreciating the treatment he has received, has sent others.

An accountant, living in a rented suburban house, put his savings into an acre lot on a hill top. He wanted to build a house, but had no more money. A mortgage swindler got hold of him, and he was about to sign first, second and third mortgages aggregating more than the cost of the house, when a friend suggested that he talk with Franklin officers, who showed him how his house could be erected under the supervision of the Society, paid for with several installments to the builder as certain stages were finished, and carried on a mortgage which he could pay off in monthly installments no greater than his present rent.

In another case, a mortgage swindler secured a home-builder's signature to such first, second and third mortgages and sold them to an unscrupulous gouger who insisted upon immediate payment of the whole sum or foreclosure upon the house. This case was brought to the Society, too, and its attorney was able to have the second and third mortgages cancelled, as fraudulently obtained and usurious, while the first mortgage was taken over by the Society.

THE desire to own a home is just as strong in New York as any other part of the country, despite the difficulties created by congestion and distance. It is especially strong among people of foreign birth. Inspired by the prospect of owning a home, thousands of folks save enough to take the first step of purchasing land. And then they run into about the meanest gauntlet of crooks and swindlers imaginable. I don't suppose these gentlemen are confining their operations entirely to New York, either. Filled with the dream of home ownership, absolutely ignorant of real estate and building finance, easily deluded by promises, ready to sign anything, having no legal or other counsel, these poor folks fall among the mortgage sharks and crooked builders and lose everything they possess—not merely their savings, but their dream of home ownership.

If they are so fortunate as to know how a building-and-loan association operates, and become depositing members, they realize their dream without mishap. For the officers of such an association are dealing with like transactions every day. They will begin by appraising the member's land before he buys it, looking into value and improvements, telling him whether he is paying a fair price, safeguarding him in little overlooked matters like restrictions, making certain that title is good—in fact, every step is supervised by an attorney specializing in this field, and the service is often free, or charged for at very moderate scheduled fees. In the intricacies of building, the same supervision is available—imposed upon the association by law, in fact, for its own protection in lending money.


DEPOSIT ◯ SLIP
The Franklin Society
For Home-Building and Savings
Book No. _____
Name _____
Address _____
Date _____ 192__

| Please List Each Item | Dollars | Cents |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| TOTAL | | |

**The miniature deposit slip 4 x 2¾ inches and punched with a hole for filing**

While a society like the Franklin will have about one borrowing member to eight depositing members, any of the latter, at any time, may become borrowers, or may have been borrowers in the past. Wherefore, the service and courtesy given borrowing members have a tendency to leaven the whole mass, as well as to maintain a fine spirit among officers and employees.

This is what is meant by helpfulness and kindliness, and it could unquestionably be adapted to savings institutions of other kinds.

Helpfulness, kindliness—and sentiment. Blend the dictionary definitions of "sentiment," such as feeling, sympathy, understanding, and you largely transcend cold money business—you "have a heart" in transactions that touch people's lives intimately. Buying a home is certainly one of those transactions. So is the baby's bank

(Continued on page 38)



**The lobby and the "mail order" department—Mr. Hennessy in the oval**



Meet (unofficially) Miss Elsie Rice, of the Forest Park State Bank, Chicago, ready for all comers from the underworld

*Photos by International*

# The Bank Burglar at Close Range

## How His Mob Works and How He May Be Forestalled, Especially in Towns Lacking Adequate Police Force

*By* HOWARD MCLELLAN
Formerly Division Manager, William J. Burns Detective Agency

WITHIN the past few years there has been a decrease in bank burglaries. Fortuitous circumstance is largely responsible. Bank burglary has yielded to holdup. Although the oxygen and acetylene torch, the automobile and good roads combine to simplify bank burglary—making nearly all the banks accessible, facilitating safe getaway, reducing the risks involved—the fact remains that the bank criminals are choosing banditry and holdup in preference to burglary. The reason is prohibition.

Many evils are charged against prohibition. Some of the blame is well placed. A typical illustration of what it has done to popularize holdups is furnished in the case of George Shoer, a twenty-four year old bank bandit who confessed to the robbery of a Cleveland branch bank in the autumn of 1924. He had never been in trouble until he "fell" for this bank job.

"I started driving a taxicab in Detroit. I met bootleggers by the score. I became one of their allies," he explained. "I drifted into bootlegging because it paid better than taxi driving and lots of people were doing it. Finally I was taught that hijacking was the easiest way to get booze. I was shown how easy it was to stick a gun in a man's face and get all he had. I never knew the trick was so easy. Having learned the gun tricks I went after bigger money. The bank job furnished the opportunity. Hundreds of other young fellows are bandits because hijacking, which is a part of bootlegging, taught them how to use a gun."

This illustration would be unimportant if cases like Shoer's were isolated. They are not. Time and again I have encountered the same thing—young men of ordinarily good environment and bringing up, attracted to bootlegging, then to hijacking and then to bank banditry. It is not inaccurate to say that this condition is largely responsible for the fact that in 1924, there were 165 bank holdups as against 97 in 1921; that there were only 98 burglaries in 1924 as against 240 in 1921.

It does not follow that because there is a decrease, less vigilance may be observed with respect to bank burglaries or that efforts to prevent them or apprehend the criminals should be lessened. If fortuitous circumstance has played into the hands of the banks, it is good business to follow that up with increased vigilance. It is much easier to drive out something that is already on the run than to start it running. And the purpose of these articles is to aid constructively in suppressing crime against banks.

BANK burglary is the hardest labor and the most dangerous of criminal occupations. It involves much more effort than the holdup. Tools must be carried about from place to place, plans well laid and the attack organized. Holdup men walk into a bank on the spur of the moment and stick it up. The burglar must know the lay of the bank in advance, and what is more important he must have a crew of helpers. There is safety in numbers but not when applied to criminal pursuits. The more persons "in" on the job the more likelihood that one of them will prove a "sorehead" and "squeal," especially when bank burglaries yield less plunder than holdups and there is a greater chance that some member of the gang will get sore because his share, when finally apportioned, is much smaller than he expected. Holdup men travel in twos and threes; get bigger swags and therefore bigger shares.

The average mob of bank burglars consists of a "heavy," or mechanic who operates the torch or applies the nitroglycerine and supervises the job, two inside helpers, lookouts for the outside, who also know how to cut telephone wires, and an automobile driver. This is the crew that does the job. In addition there are the men and women who, while not participating in the burglary, dispose of the loot, particularly the bonds which burglars are as willing to take as coin and currency. Often there are twenty persons, involved one way or another, in a bank burglary—altogether too many to make it as safe for the criminal as holdup. Then again more burglars than holdup men are killed either on the job or in pursuit. Taken all around, the risk is far greater than the holdup man faces. It requires five minutes to hold up a bank and get away. A successful burglary takes from one-half to two hours, depending upon the resistance of the vault and other obstacles.

While preparation is always necessary in bank burglaries, they are difficult to anticipate. Modern protective and preventive measures have greatly minimized the burglar attack, but the one sure-fire expedient that should be regarded as an auxiliary to mechanical protective measures is eternal vigilance and greater and closer co-operation

with police and other agencies. Again the small bank is most often the target because it cannot afford the expense of watchmen and other special means of combating the criminal.

And small town police, unfortunately, are notoriously ignorant of the bank burglar, his methods and his identity. Not because they want to be but because no one takes the trouble to inform them. The bankers are in the best position to do this. The information is sent to them by many agencies, their national and state associations, police departments, insurance companies and individuals. This information should be passed on to local police by the banks; otherwise it never comes to their attention. It isn't a great deal to do and besides posting the police, it actually pleases them. They work harder when they know someone is interested in what they are doing. It spurs them on to greater effort. The agency charged with protecting members of the A. B. A. maintains, at great expense, an elaborate history of every criminal who has ever operated against a bank. So far as I know it is the only national medium for the exchange of information on bank criminals and it is gladly given to police officials when requested. Instances where this has happened with beneficial results are too many to mention. However the small-town bank, which should make the greatest use of this information, to pass it on down to the police, is the most lax in asking for it.

AN UNDERSTANDING of the habits of the bank burglar is important in fighting him. Fundamentally these habits are alike, wherever the yegg lives or operates. And yeggs are not home-loving gentry. They roam at will, attracted to the "easy spots" where the banks are prosperous and vigilance relaxed. It is a matter of record that the bank burglary season begins in the late summer or early fall. They usually cease in early winter. Summer and fall days are longer, giving the yegg mob an opportunity to leave its rendezvous in daylight and make long runs into the country. It is not uncommon to find bank burglaries in South Dakota committed by bands who originated along the border in Canada and drove the entire distance.

Fall, however, has its advantages over summer. Fewer persons are on the roads then; in the cities, people take to their homes earlier; hence there is less likelihood that cruising yeggs will meet up with inquisitive citizens driving along roads and meandering through small-town streets.

It seems obvious, therefore, that special precautions against burglary should be taken by banks during the late summer and the fall months. The yegg presumes that the farmer and merchant has banked his profits by fall and that's another reason why he prefers to do his work then. Rather than generalize with advice as to how banks may translate their intent to be on guard into an actuality, my purpose is to tell of the experience of a number of banks in small cities in preparing for the open season for bank burglaries.



Steel vests for bonds and currency, designed to replace the tell-tale handbags that make the messenger conspicuous

The banking fraternity is well aware that in recent years banks in the Northwest were hard put and not in a position to spend money on extra measures of protection, although attacks against them by burglar gangs were increasing. The general condition of that part of the country precluded spending any extra public money on additional police protection. Banks were being robbed right and left. This condition was true also of sections of the South and Middle West.

Without adding expense, a simple plan of extra protection was devised. First announcement was made in the newspapers of several communities that extra police had been added to the regular forces and that a determined effort was to be made to meet bank attacks. No extra police help was actually added, but the bankers sat down with their police authorities in the several communities and helped arrange a schedule of police service which made it possible for the man on the beat to be more often near the bank or banks throughout the fall. Police vigilance was relaxed in other sections of the cities and towns where there was less likelihood of attack and doubled and trebled in the vicinity of the banks.

THIS was a simple procedure. Here is how it worked out as viewed from the underworld. Bank burglar mobs invariably have their undercover advance agents in cities and towns looking over the ground in anticipation of a job. A yegg who was holding down a job in an all-night restaurant in one of the towns elected for attack read in the newspapers of the increased vigilance and with his own eyes saw the police—there were only two patrolmen in this particular town. It alarmed him. He quit his job, hurried back to the big city where the rest of his gang were quartered awaiting the word to attack and gave them the news. In one afternoon word had passed around the underworld in that city that the "heat" in small towns was increasing. An exodus of crooks from the big city to cooler climes started. I do not know to what extent it prevented bank burglaries during that season but I do know that the underworld was afraid to move that season with its former freedom. Later this yegg advance agent, a feeble old man, turned informant against his old companions, and admitted that he had been responsible for circulating the warning that upset yegg plans. I recall too that the state bank association secretaries were particularly active that season in many states and that their co-operation with police authorities had a decidedly salutary effect. They continuously bulletined local police departments with information about crooks working in their territories and broadcast their photographs and descriptions.

The aged informant might have been of greater service to the banking interests had it been possible to route him on a lecture tour that would have included the various banking associations and groups. He was a little too old to stand the trip and a trifle too frightened. He is sixty-two; nearly forty of his years have been spent in prisons.

Half of the small-town burglaries, he said, could be prevented by a very simple means, one that has not often occurred to even the best posted bank detectives. Invariably the bank

burglar mob cuts the telephone wires before it enters a bank. This is done to prevent an alarm should the burglars be discovered and to make it impossible for the local police to notify nearby cities that the band is headed their way. The telephone operator is at a loss to know where the trouble occurred and although she presides over the heart of communication, she is helpless to do anything until it is too late and the gang is making its getaway.

"I've run into a couple of towns," he said, "where we cut the wires and then found that we were worse off than if we had given an alarm. The telephone office was hooked up by a special line with the police department and another line to the trouble shooter's home. The trouble shooters found out right away that the lines had been cut near the bank and the police were sent there instantly. A couple of my old-time pals were caught and some of them shot. We were completely surprised. In one case a woman in a room across the street from a bank was a reserve telephone operator with a special line running to the central office and she tipped us off. I guess, though, there won't be so many telephones in a few years when the radio gets going right and when that time comes there won't be any wires to cut."

There is a helpful suggestion if banks are willing to sell their local telephone authorities on the efficacy of a special telephone line or two. To continue with the informant's story—

"Not many people know just what happens when a bank mob visits a town. Usually they park their car some distance away, preferably at the side of a bank, never in front of it. The next step is to send out the lookouts. They station themselves across the street from the bank and stand guard like a soldier. Since the usual hour for starting operations is after midnight, very few lights are on in the nearby buildings. If a light is seen, the lookout stations himself in front of it as near as he can get; if there is a doorway in the building where the light is seen, he stands in that. If anyone attempts to leave, he sticks them up and scares them so badly that they almost faint.

"I WAS standing in one of those doorways one night in a town where I had been working in a lunch room getting the lay on the bank. I heard a woman trying to get central on the phone but it was dead because we had cut the lines. I heard her hang up the receiver and then I met her in the doorway on her way to the police station to give the alarm. She had seen us enter the bank. Well, I met her face to face. I shoved my gat at her. I could not see her face but she saw mine. She bawled out my name—the fake name I used in that town—and I nearly dropped the gun. She was a waitress in the joint where I worked. Another time a preacher came ambling along the street where I was on watch and saw two of us cutting the wires. He had been on a sick call, I guess. It was pretty late for preachers to be out. He thought we were a couple of hoodlums. 'You naughty boys, time you were in bed.' 'G'wan get in your own bed if you know what's good for you,' we replied and he laughed and hurried on.

"If there had been cops, real cops, not the kind that climb into bed when they hear the cry of burglars and duck under the covers, one of them watching any of these banks a block away could have stopped us. But that's the trouble with these small towns; the cops are sitting in some all-night restaurant, or talking to the station agent and it's as easy to get by them as it is to tell your name. If these small banks and police departments spend as much time finding out something about us and how we work as we spend finding out about them there wouldn't be any bank burglaries. We are as well known in our line as they are in theirs. Cops in the big cities, and the banks there, too, keep us pretty well tabbed and it's a whole lot easier for these small-town people to do the same thing because they've got fewer strangers in town and you can tell a bank yegg a mile off, once you know his habits."

(Continued on page 30)



A specially constructed armored car transferred the funds of a Los Angeles bank to its new building

# Investment Bond Accounting

## A Simple System for the Bond Department That Is Not Large Enough to Require a Complete Accounting Record

*By* VAN LAMONT

FIGURES in the bond account that will not show a profit are extremely unpopular with managers of bank bond departments. Despite their unpopularity, however, they are all too common. Refractory figures of this kind have been brought to my attention many times and, in a large number of such cases, the cause of the unruliness of figures lies in the failure of the bond department's manager to outline a simple and logical routine for the figures to follow—discipline, so to speak.

A short time ago, the manager of a Chicago bond department was quite upset because his interest account was showing a loss, and he acknowledged that after days of worry he was no nearer to putting his finger on the cause than when he had started. When his books were examined, it was discovered that all of the interest received from bonds carried on hand, mortgages bought and sold, interest paid on loans, etc., were carefully debited and credited on one account in the general ledger.

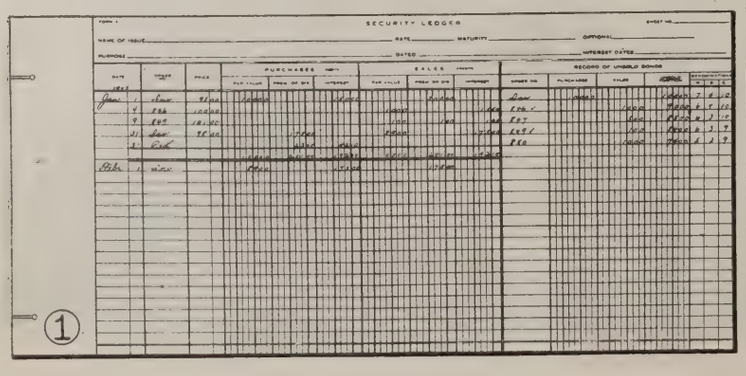
At the same time, only a limited amount of capital was employed in this end of the business. Hence, a large percentage of the bond department's security inventory was deposited in the loan cage of the bank as collateral. The money market was rather strong at the time, which meant that the interest rate paid was higher than the coupon rate on some of the securities handled. This dealer obtained a security ledger form similar to Fig. 1, with which to record all purchases and sales, credit the interest received to the particular issue and thus arrive at his gross profit, in both principal and interest separately by issues. The interest paid was thereafter charged to a special account in the general ledger and his troubles were over. This system did not eliminate the interest loss, but it provided the means of analyzing causes of the loss. Finding the causes of loss is the first step toward conversion of loss into profit.

If one may judge from the questions most often presented by the managers of these departments, it is evident that many of the difficulties which experience has taught the investment bond house accountant to avoid continue to present tangled and perplexing problems for both banks and dealers who have only recently entered the business. Where the volume of business does not require a departmental accounting arrangement, the systems sketched in this article will straighten out many tangles, and, moreover, will allow of expansion without radical departure from the basic principles.

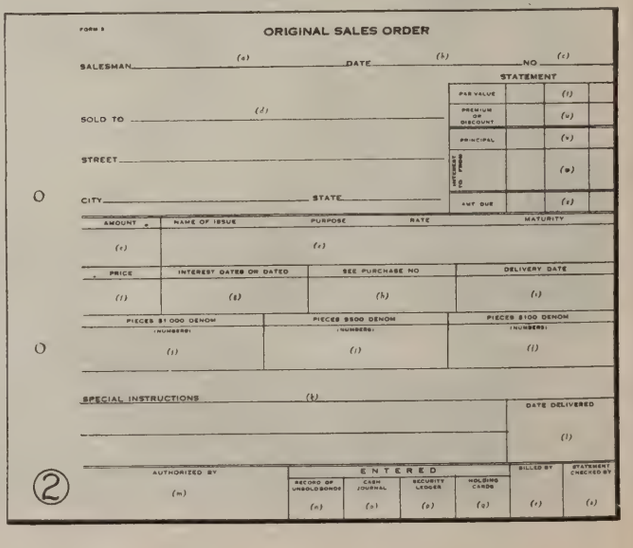
First of all, the bank bond department is coming to appreciate a fact that bond dealers, too, are learning, namely, that they will do well to avoid systems that are complicated. The suggestions which follow, therefore, are not at all involved or difficult to install nor will they present any difficulties to the modern accountant who is familiar with such up-to-date problems as that of wiring a five-tube radio set from blue prints. These suggestions, too, have the additional advantage of being in line with the best practice of an increasingly larger number of bond departments. Any service rendered in the direction of standardizing such accounts is worth while, for uniformity has many advantages. Statements of condition and profit and loss analysis when submitted to banks, have a familiar aspect and the accounting systems of bond investment houses are fairly uniform. If a standard accounting system for the small bond departments can be evolved out of the present multitude of systems and entire lack of system, it will be possible to measure relative efficiency as it is not now possible to do. Moreover, the manager is faced with the necessity of making his department stand on its own feet and understandable records and accounts are one of the best arguments with which to prove progress or demonstrate efficiency.

All transactions should be started safely on their way by means of a comprehensive original purchase or sales order. Incomplete instructions, carelessly prepared memoranda, instead of complete original orders, cause half of the trouble and mistakes and, to make matters worse, they usually involve the customer. Naturally, he loses confidence, because it is expected of all departments of a bank as well as all houses that deal with investments, that they should be able to handle financial matters without error. All too often, the manager inclines to the verdict that the bookkeeper was responsible, while as a matter of fact the system may be faulty.

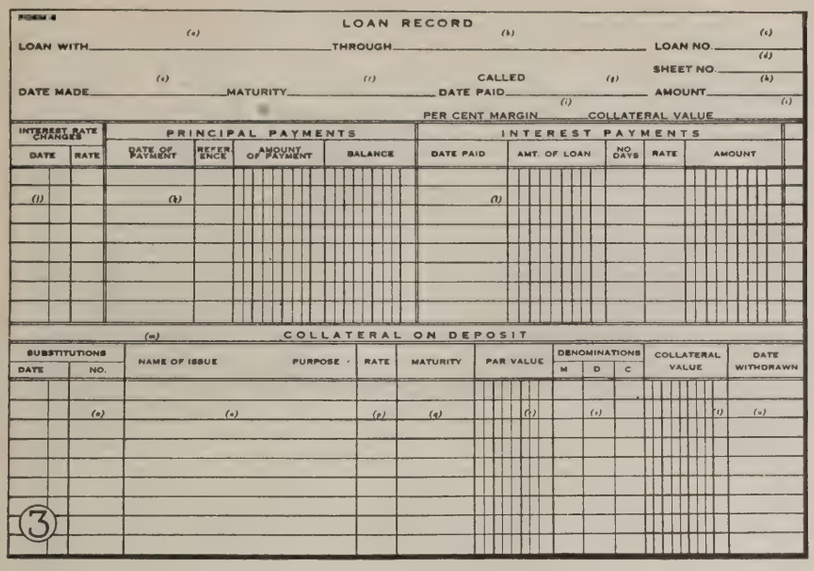
THE form shown here as Fig. 2 is a reproduction of an original sales order. Spaces are provided for all the required information and this order follows each move in connection with its execution. The order is prepared in the sales department, approved, and dispatched




1




2



FORM 4

LOAN RECORD

LOAN WITH _____ THROUGH _____ LOAN NO. _____

SHEET NO. _____

DATE MADE _____ MATURITY _____ DATE PAID _____ CALLED _____ AMOUNT _____

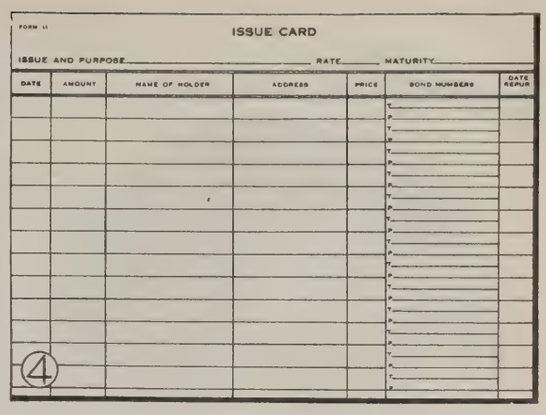
PER CENT MARGIN _____ COLLATERAL VALUE _____

| INTEREST RATE CHANGES | | PRINCIPAL PAYMENTS | | | | INTEREST PAYMENTS | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| DATE | RATE | DATE OF PAYMENT | REFERENCE | AMOUNT OF PAYMENT | BALANCE | DATE PAID | AMT. OF LOAN | NO. DAYS | RATE | AMOUNT |
| | | | | | | | | | | |

COLLATERAL ON DEPOSIT

| SUBSTITUTIONS | | NAME OF ISSUE | PURPOSE | RATE | MATURITY | PAR VALUE | DENOMINATIONS | | | COLLATERAL VALUE | DATE WITHDRAWN |
|---|---|---|---|---|---|---|---|---|---|---|---|
| DATE | NO. | | | | | | M | D | C | | |
| | | | | | | | | | | | |

③



FORM 11

ISSUE CARD

ISSUE AND PURPOSE _____ RATE _____ MATURITY _____

| DATE | AMOUNT | NAME OF HOLDER | ADDRESS | PRICE | BOND NUMBERS | DATE REPUR |
|---|---|---|---|---|---|---|
| | | | | | T<br>P | |

④

to the bookkeeping department where it is entered on the stock records and filed until delivery date. At the time of delivery it is removed, a customer's invoice is prepared, the bonds are withdrawn if deposited as collateral to loans, and delivery is made. Postings are then made to Cash Journal Security Ledger and Holding Card Records.

When it is the practice to deposit a portion of the inventory of bonds on hand as collateral to loans, a form to record substitutions of other bonds from time to time is necessary. On this form, columns should be provided to describe the issue definitely—par value, market value, denominations, etc. Posting is then made to the Loan Records such as shown in Fig. 3. The upper half of this form is subsidiary ledger to the Notes Payable control account in the general ledger. It records the details of the loan, principal and interest payments, interest rate changes and collateral value necessary. The lower half is a detail list of issues, maturities and denominations deposited as collateral, par and market values and dates withdrawn. Verifications of collateral are easily made by typing the list of open items on each loan, sending two copies to the loan cage of the bank, with a request that one be signed and returned to an official. This will give the management an audit.

IN ADDITION to the Loan Record, a Collateral Record, too, should be kept, provided loans are made with banks other than the one with which the bond department is connected, so that it may be readily ascertained on just which loan a particular bond is deposited. One issue of bonds may be deposited as collateral to several loans and without the Collateral Record to record—which will, for instance, immediately inform the bookkeeper where a $1,000 bond of the 6/1/54 maturity is deposited—much time is consumed and if the customer is waiting, the sales manager, no doubt, will be chewing up his lead pencil. This record is simply a special sheet which is headed up for each issue used as collateral, and the loan numbers, par value, denominations and serial maturities, if any, are recorded. The par value total of the open items is balanced daily against the Collateral Record.

The form shown in Figure 1, to which reference already has been made, reflects the unsold position of each issue by denominations and maturities, whether bonds are delivered or not, the par value carried, and at closing periods the money made or lost on each issue on principal and interest is determined.

The sales manager or official acting in this capacity is, of course, the "bread and butter" of the organization and is moreover a person the operating department "must contend with." He wants to know in three seconds the names of the holders of Commonwealth Edison Company First 5's originally sold by the department. Why not put in some records that will settle the matter? Figure 4 is an Issue Card on which the names of all customers are posted from the original sales orders. Bond numbers are shown for the temporary and permanent bonds. If an issue is repurchased, it is noted on the card at the time the original purchase order goes through. This system enables the bookkeeper to produce the list in the allotted three seconds.

Holding cards are also of great value to the sales executive. This is a card on which all issues sold to a customer are posted and is arranged alphabetically by customer. Repurchases are posted to this record. The holdings can be systematically analyzed—a great diversification aid—and advantageous trades very often worked out.

It is well to maintain maturity cards that are filed under the maturity date, a card for each issue. Often a customer will bring in a matured bond six months later and, when he realizes that he has suffered the loss of interest for that period, presents the alibi that he was not notified. By the use of the maturity cards, the customer could have been advised and, possibly, some new business arranged. Bonds are frequently called and by reference to the issue cards, a complete list of the holders originally sold is available.

BOND departments of banks and some of the larger bond dealers who offer a safekeeping service to their investors, encounter still other problems. More or less liability is assumed in accepting securities from customers for safekeeping. Whether this service is rendered gratis or at a nominal charge, the cost is a factor and protection is essential. A form of customer's receipt, the copies of which make the loose-leaf safekeeping ledger, has proven to be very satisfactory. This method eliminates mistakes in posting and sets up a control account on the general ledger with a contra-account to offset. This means that an audit of the securities against the customer's ledger and controlling account is easily made. By this method an official or auditor can step in any day and prove to his entire satisfaction that a count of the securities equals the control account. All in and out items are listed on a blotter daily and an entry put through the cash journal. In recent years, we have heard of many cases of fraud through the manipulation of inactive safekeeping items.

No individual should be required to assume the responsibility or be held to account for securities unless adequate records frequently audited, are provided. Loose methods present unnecessary temptations to men young in the responsibilities of business.

Efficient and systematized accounting, too, is closely associated with the reputation that a bond business enjoys among its investors. And most of all, perhaps, it saves time otherwise consumed in apologizing for mistakes.

# With the Camera



The little radio lady is Alice Gwyneth Griffin, listening to her father, B. W. Griffin, of the Gotham National Bank, New York, who sings with the bank's male quartet over Station WJZ



Officers and board members of the Stone Mountain Memorial Association, and government officials, photographed with 250,000 of the new Stone Mountain half-dollars. The coins bear likenesses of Generals Lee and Jackson on horseback—the first equestrian figures on American coins

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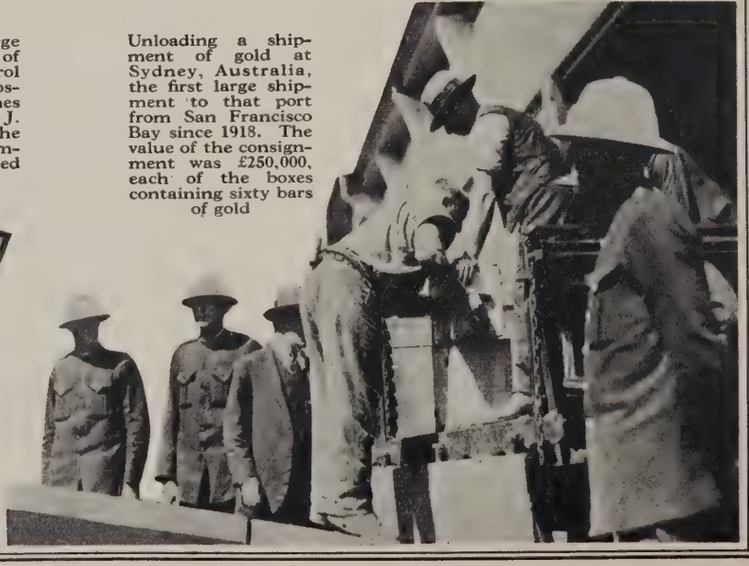
The Yap dollar—the unit of currency on the Island of Yap. The dainty little coin was taken to Japan recently and placed on exhibition



On the right: Mrs. William Laimbeer, recently appointed head of the Women's Department of the National City Bank, New York. In ten years she has risen from a clerkship to responsible positions in New York financial institutions



A check issued by George Washington on the Bank of Alexandria to Daniel Carrol in 1798, has come into possession of Henry Clay Hines (seated) of Newark, N. J. Within the frame, below the check—for $428.40—are impressions of three seals used by Washington



Unloading a shipment of gold at Sydney, Australia, the first large shipment to that port from San Francisco Bay since 1918. The value of the consignment was £250,000, each of the boxes containing sixty bars of gold

# Current Copy in the Newspapers

## The Strong Advertising of the Oldest National Bank, and Some Examples of Other Interesting Talking Points

*By* T. D. MACGREGOR
9 Hanover Street, New York City

ADVERTISING the first national bank in the United States ought to be a pleasant task, and apparently A. F. Dawson, president of the First National Bank of Davenport, Iowa, finds it so. Recently the bank occupied a fine new building and some special advertising was done at the time. Regarding it Mr. Dawson wrote me:

"You may be interested in a set of institutional ads which this bank ran in the newspapers preceding the opening of the new building. As a climax to these advertisements the two daily newspapers here issued a special First National Supplement the day preceding the opening. From these newspaper advertisements alone a crowd of between 50,000 and 60,000 people came to our opening. We regard it as an unusual example of the pulling power of newspapers. We used no other medium, did not even send out any letters of invitation to the opening."

One of the fine series of advertisements referred to is reproduced (Fig. 1).

FEATURING horse racing is surely something new in bank advertising, and as might be expected, the precedent is established by a Miami, Fla., bank – the Bank of Bay Biscayne. The advertisement, as shown herewith (Fig. 1), appeared in the *Morning Telegraph* of New York last January at the time of the opening of the new Hialeah race track at Miami.

DO YOU HAVE an advertising policy and a budget? Or do you just advertise here and there, using copy with no general underlying plan and objective? Does your advertising represent the personality of your institution? Every bank stands for something. They are not all alike. Just ask, say one hundred people, about the banks in your city and then tabulate the replies. You may be surprised to discover that a great many of these people's ideas about certain banks coincide. In the minds of the public, different banks do stand for different things. Carefully planned advertising can mould that opinion and make it an asset. Haphazard advertising, haphazard as to purpose, copy, appearance and mediums, wastes a lot of money.

A CLEVER use of the numeral "1st" is that employed by the First National Bank of St. Louis in the striking advertisement reproduced (Fig. 1).

A PAINFUL subject is made as painless as possible by that income tax ad of the Union & Planters Bank & Trust Company, Memphis, Tenn. (Fig. 1). The Manufacturers Trust Company of New York gives away a strong manila envelope of the right size for keeping

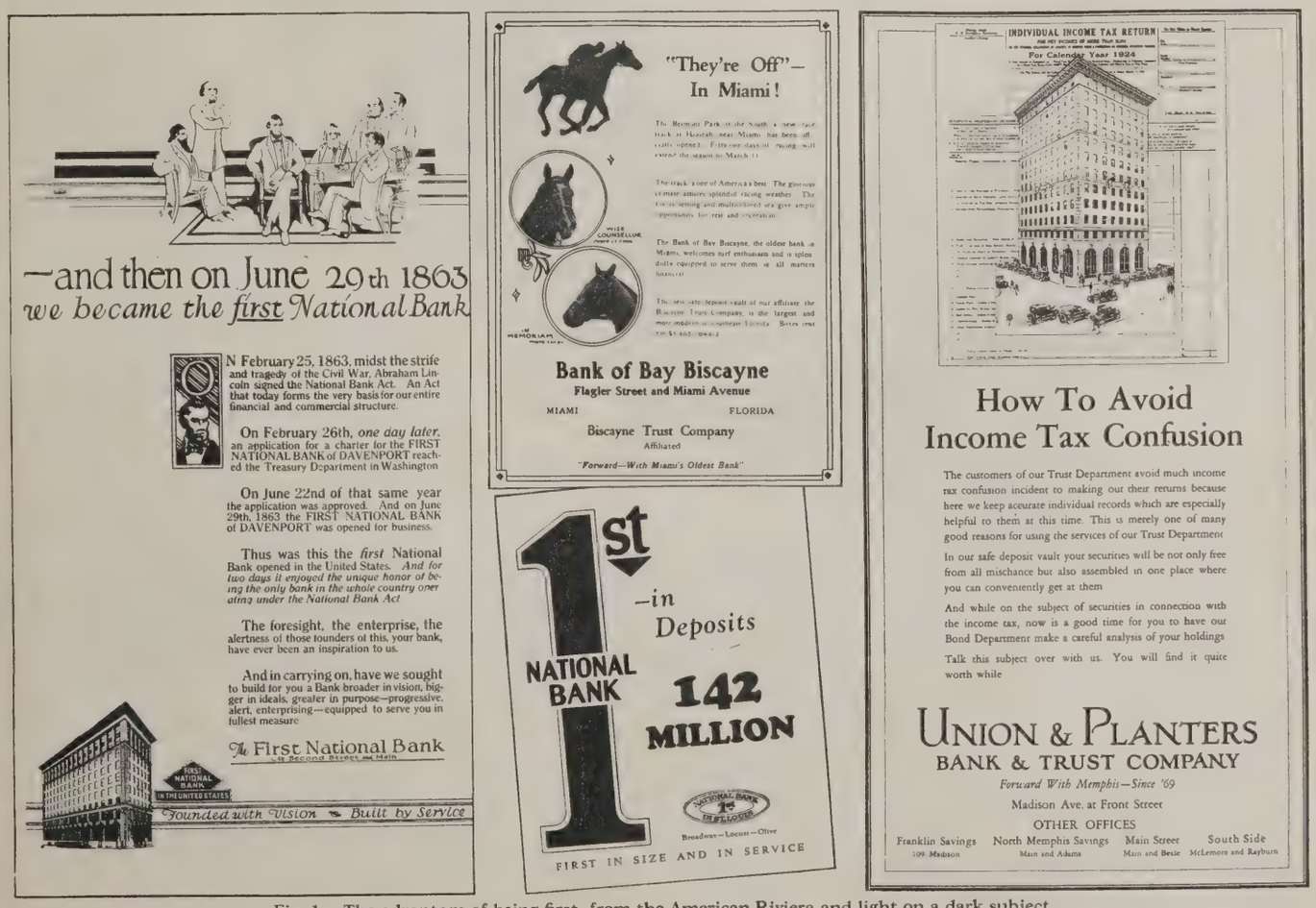



Fig. 1. The advantage of being first, from the American Riviera and light on a dark subject

copies of the tax returns—a service that's appreciated in view of the fact that the Treasury Department has the privilege of examining one's federal return within five years from date of filing.

How accurate are your mailing lists? What plan do you have for adding fresh names? When you get a new customer or when a customer leaves you, do you make a note of it in your files? Many banks put in at big expense a mailing department with complete equipment and then, for the lack of a little attention to the lists, allow it to become almost valueless. Central files, the result of a lot of original work, are often allowed to become too obsolete for use. And yet there is no more profitable source of new business. Deterioration of the file usually occurs where no department head is assigned to this particular work; hence it is allowed to drift. Another equally grave mistake is to maintain an efficient mailing department that is not actively used. How about your bank?

"VOLUNTARY Trusts for Involuntary Events" is the rather intriguing headline of an advertisement of the Fulton Trust Company of New York, advertising the creation of voluntary trusts for unforeseen financial situations.

THE banks and trust companies of Spokane, Wash., united in a full-page newspaper advertisement for a special Washington edition of the *Spokesman-Review*. The advertisement contained statistical matter concerning the resources of the "Inland Empire." Regarding it, Carl W. Art wrote me:

"We created the advertisement with a double purpose: First, the banks desired to do their part and have their activity represented among the others in the edition, which is expected to have wide eastern circulation. Second, it seemed wise to broaden the message to one of civic pride, getting away as far as possible from the typically selfish advertisement that would have resulted from featuring banking alone.

"The few comments we have already heard are favorable enough to encourage us in the belief that this sort of bank advertising appeals to the rank and file throughout a community. All banks harp enough on the educational side of thrift, saving, etc. When they contribute their share toward educating the community and outsiders along civic and industrial lines, the very unselfishness of such a program brings good will and commendation."

# In Troy, "They Cannot Start Too Soon"

*By* JAMES L. CRONIN
Manufacturers National Bank
Troy, N. Y.

THRIFT is largely a matter of education and the sooner it is started, the more definite and timely will be the resulting benefits. Why then should not children be taught the advantages of thrift along with their A B C's? Financial institutions throughout the country are coming to realize more and more the potential possibilities for unlimited service in this particular field and as a result many novel plans for its proper development are being promulgated.



Among the first to put the theory into practice was the Manufacturers National Bank of Troy. Appreciating the value of planting the seed of thrift in the spring of life, its officers and directors two years ago, established a department exclusively for children where they can actually do their own banking. The plan had been discussed long before that time, but it was not until the bank moved into its new home at Fourth and Grand Streets that the necessary space could be devoted to the proposition.

When the new bank was thrown open to the public early in 1923, it contained among other features new to local and state banking circles, a window built expressly for children with its counter low enough to accommodate the smallest. This window is in a corner of the main banking chamber apart from the regular tellers' cages and under the supervision of a woman who takes a sympathetic interest in the affairs of her youthful customers. Here the youngsters transact their business in exactly the same way as their big brothers and sisters, their daddies and mothers, and without interfering in the slightest with the regular routine of the bank. Their accounts are kept separately, as are their signature cards, and in every other respect handled as a separate and distinct department of the bank. Any child who can write legibly is permitted to open an account and to make deposits and withdrawals without the aid or consent of grownups.

Since the establishment of the department, approximately five hundred accounts have been opened and this does not include the number of accounts that have previously been opened in the name of youngsters in the regular special interest department and subsequently transferred to the juvenile department. The number of juvenile depositors is steadily increasing and the children are among the most enthusiastic boosters of the bank. It has been definitely ascertained that many new accounts have been brought to the bank through the agency of juvenile depositors whose relatives or friends had not previously patronized this particular institution. It has also been determined that the children's accounts are relatively more permanent than those of grownups.

IT IS not alone in present material benefits to the bank, however, that the real value is measured by the bank's management, but rather in the possible effect it will undoubtedly have upon the future of banking in this country.

The children in accordance with the

(Continued on page 56)




# What is the depositor's share in the prevention of check fraud?

HERE is the answer recently given by the President of the American Bankers Association.

"Forgeries, check alterations and the negotiation of bogus paper are primarily crimes of opportunity," Mr. Knox said. "The criminal's opportunity arises from incautious practices by bank customers and bank people. We are aiming to do away with such practices. A great proportion of loss is preventable. Greater attention to seemingly unimportant details and strict adherence to rules against honoring checks for strangers without proper identification are imperative."

James E. Baum, Deputy Manager in charge of the Association's protective activities, stated that of the $100,000,000 annually lost through fraudulent check operations, it is estimated 99 per cent falls upon individuals and firms. He pointed out that the willingness, especially of hotels and merchants, to accept "scraps of paper" from strangers and rely on insurance to avoid loss, is an act of contributory negligence.

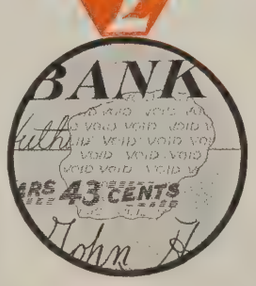
When the American Bankers Association feels so strongly the need for increased vigilance on the part of depositors, it is certainly time for the business man to avail himself of the most complete method of check protection in existence. The Todd Company, Protectograph Division, 1186 University Ave. (Est. 1899) Rochester, N. Y. *Sole Makers of the Protectograph, Super-Safety Checks and Todd Greenbac Checks.*

1



*The Protectograph*, it is estimated, eliminates at least one-third of all check frauds by preventing *raised amounts*. The Protectograph is made in a variety of standard models, one for every type of business, priced from $37.50 up.

2




*Todd Greenbac Checks*, with their patented self-cancelling features, eliminate another one-third of possible check losses by preventing *change of payee's name, date* and *number* and "*counterfeiting.*" Todd Greenbac Checks are designed for business and personal use. They are reasonable in price—even in small quantities.

3



*Standard Forgery Bonds* cover the remaining check-fraud possibilities, namely, *forgery of signature* and forgery of *endorsement*. Qualified Todd users receive standard policies at the most advantageous discounts.

# TODD SYSTEM OF CHECK PROTECTION

TS

# Failure Insurance for Corporati

Would the rate of premiums be prohibitive? F every new business the actuaries could harc allow an expectation of seven years' existence. Th is the average life of a business.

Failures are too many. Danger of loss is too ne any business to permit sharing the risk throu methods of insurance.

Each business man must accept the hazards his own venture. He must write his own insurar against failure.

He can minimize the risks of his business if will register with the Kardex Institute.

The researches of its staff prove the methods which management can prevent waste and m takes—by which profits can be assured. Urge yc customers to register with the Kardex Institute a make full use of its service.

## KARDEX INSTITUTE

Kardex Institute is an organization of business special for research and educational work on business manageme By endowment it is free from the necessity of financial retu

The executive board of Kardex Institute, a $100,000 gr of experts in business management, draws business ideas a experiences from the entire world through the Kardex org ization of a thousand people.

Monthly reports on business conditions and managem methods are published. Members of the Institute staff as those registered in the solution of individual business proble

This is a service of the greatest value to the banker and customer. It is removing the causes of business failures. registration fee is the nominal sum of $10.00 yearly.

## KARDEX INSTITUTE

*Devoted Exclusively to Business Education and Research*

607 Kardex Building, 10 East 44th Street, New York City

LONDON , PARIS , BERLIN , TORONTO






© 1925 The Karde




Kardex Institute, 607 Kardex Bldg., 10 East 44th St., New York City.

Enter my subscription for Kardex Business Service and Reports for one year, for which I agree to pay $10 on receipt of invoice. I understand that I am to receive a monthly report service of advice on management, finance, selling, production and administration and any personal service I may need in connection with the solution of my own problems of business management.

Name.....

Position..... Kind of Business.....

Street..... State.....

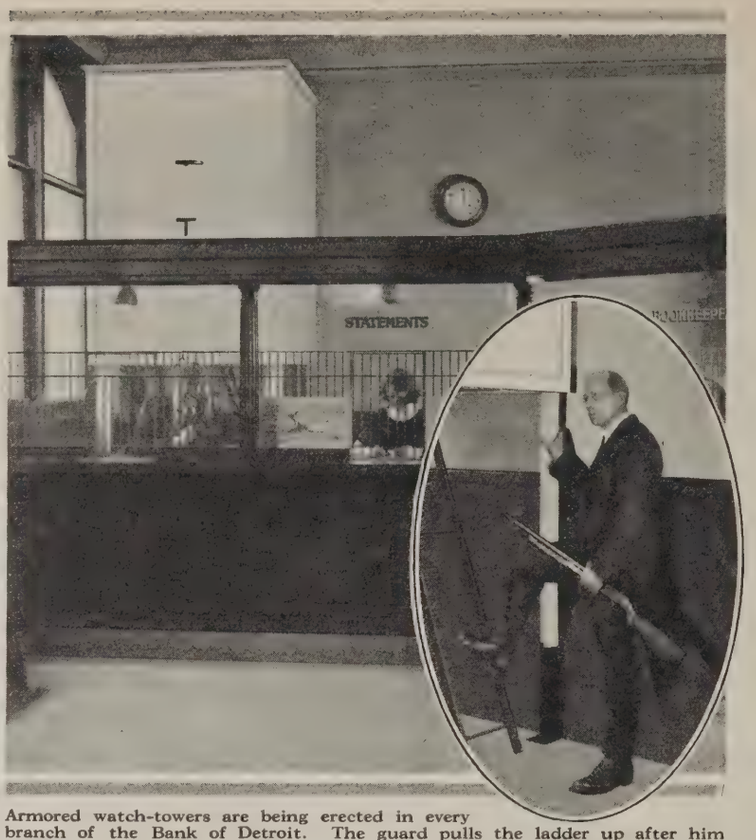
City.....

## The Bank Burglar at Close Range

(Continued from page 21)

It is interesting to note what this old-timer had to say about bank burglar alarms. It may prove profitable.

"The worst shooting scrape I ever got into, which resulted in killing two of the biggest bank mob leaders, occurred in Missouri. We cut the telephone wires, spread our lookouts in every direction and then started shooting the vault. We had just got the soup in when we were surrounded by a mob of citizens armed with sawed off shot guns and automatics. We began shooting first from down the street. The citizens were getting thicker. Bullets were whizzing everywhere. I just barely got away with a plug in the arm. There were five of us in on the job; two were killed; two wounded and the fifth man, the driver of the machine, got away all right. We were not outshot but outguessed. That bank, instead of installing a big vault alarm over the front door, located a smaller gong in a nearby Greek restaurant open all night. When we opened a back window to get into the bank, it rang. The Greek heard it, summoned a crowd—two cops happened to be eating in the place at the time—and they had us dead to rights."




Armored watch-towers are being erected in every branch of the Bank of Detroit. The guard pulls the ladder up after him

The most important contribution contained in this criminal's story clinches the argument for eternal vigilance applied to specific activities of the bank yegg.

"One of the biggest discoveries you bank people ever made," he explained, "was that you could get a line on where bank mobs obtain their torches and when they obtain them. The old 'soup' cracksman is a thing of the past. Today the safe-burner takes the cracksman's place. They have to have acetylene or oxygen torches. They must buy them or steal them. By keeping a check on acetylene torches purchased, you get a line on some of the mobs. The railroad detectives and road construction foremen give you a line on the torches that are stolen and generally a torch is bought or stolen in the territory where the bank job is pulled off. By following up this information, you are led to the active bank mobs." And that is precisely what police departments, the official bank detective agency and association secretaries are doing and it has well repaid the effort spent. It furnishes an advance line on burglary operations. It is a move toward thwarting the yegg. That's why it is important.

President Coolidge in his last address to Congress recommended the establishment of a national and international bureau for the exchange of information on criminals. The best informed authorities on crime prevention agree that a bureau of that kind will do more to prevent crimes than any other single step in the history of the country. Banks, which are hardest hit, will appreciate it most. They should be its most enthusiastic proponents.

# A Complete Radio Tie-up in Denver

*By* JOHN T. BARTLETT

A PROMOTION plan with three barrels—that, in brief, describes the Radio Thrift Club launched by the Denver National Bank early in the new year. Many hundreds of new accounts followed introduction of the plan.

It was featured by a premium, selling for $1.75 at retail, made available to Radio Thrift Club members under a most unusual co-operative arrangement with local stores. Finally, a series of broadcasted talks by prominent men, designed to inspire thrift in radio listeners, was associated with the plan.

The preliminary announcement of the new idea was in big full-page advertisements appearing in New Year's editions of Denver newspapers. A series of thrift talks over KOA, one of the biggest broadcasting stations in the nation, recently completed and dedicated at Denver, was announced and outlined. Names of speakers were given. Prominent men of Denver, some of them associated with the Denver National Bank and others better known for activities in connection with Mountain States industries, were listed. The helpfulness of these talks was emphasized—they were something every one in the Denver territory should hear.

Then, making a tie-up, the bank announced a plan whereby all could listen at little cost. The opening advertisement did not give full details. Succeeding advertisements developed public interest in the free radio receiver plan. Readers were told that by making a $5 deposit in the Denver National Bank, either by opening an account for that amount or adding it to an old account, they would be entitled to a free crystal radio receiver.

When the customer opened the account, he was handed an orange-colored, official-looking, radio receiver coupon. The reverse side gave the names of three prominent Denver retail stores. One of these was a department store, Daniels & Fisher, another a music store with a radio department, Knight-Campbell Music Company, and the third an electrical store, the Thor shop. The recipient could use his coupon at any one of the mentioned stores.

On a circular given the depositor was pictured a well-known radio receiver retailing at $1.75. This price was not mentioned, however. Stating that the bank's desire was to equip new people to hear radio, and it did not wish to

(Continued on page 32)




# Better Service from the *Largest* Business-Building Organization

ONLY an organization serving many hundreds of banks from coast to coast could possibly offer you such personnel, equipment and experience as does The Collins Service. It's the old story that the house doing the largest volume of business can always give the best value.

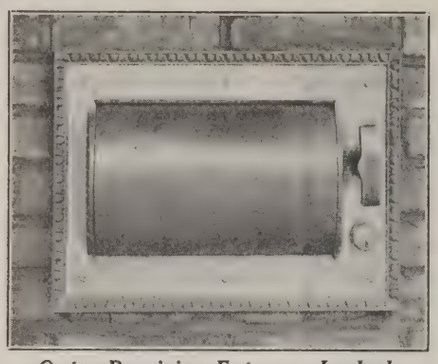
The service rendered today is of the same fine quality that has given the name of "Collins" its standing during an honorable business career of nearly seventy years. Its stability is reflected in its commercial rating—the highest listed by Dun's and Bradstreet's. It is housed in a five-story building covering a city block, the entire facilities of which are at the call of Collins clients whenever needed.

The plans offered you are sane, workable and profitable because Collins employs the very best brains obtainable. The Collins Field, Research and Service Staffs are in constant and intimate contact with the problems of banks of every size, in every section of the country. They are continuously analyzing, testing and tabulating the results of their work. The data and experience accumulated over a period of years make the Collins Service the leading clearing house of the United States for bank business-building ideas, plans and direct-mail material.

*The investment required is within the reach of any bank. Whether your institution is large or small, write today for the absorbingly interesting portfolio. "A Message from The Collins Service." It points the way to larger profits.*

## THE COLLINS SERVICE

232 COLUMBIA AVENUE PHILADELPHIA



*Outer Receiving Entrance Locked*

DO NOT ALLOW

*Night Watchman*

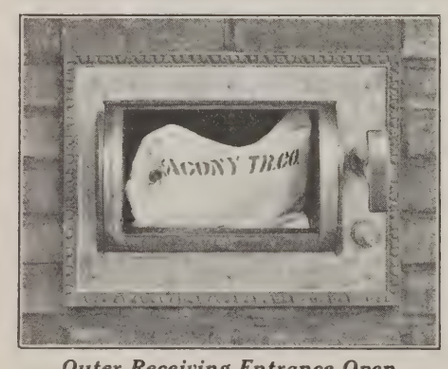
To Receive Deposits Thru Door

*IT'S DANGEROUS*

*Install Our*

NIGHT DEPOSITORY

(*Patent applied for, No. 6441*)



*Outer Receiving Entrance Open*

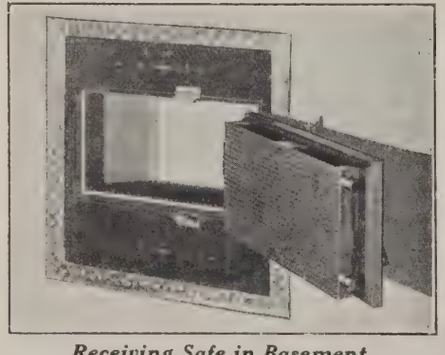
Storekeepers, Theaters, Building Associations, Churches, will appreciate this service

*WRITE FOR FULL DETAILS*

**The Bank Vault Inspection Co.**

**Night Safe Specialists**

**1824 Ludlow Street, Philadelphia**



*Receiving Safe in Basement*

(Continued from page 30)

distribute receivers to families already possessing equipment, the circular explained that, to benefit from the offer, the recipient must buy for it, at any one of the named stores, complete equipment. Then he would have the radio receiver free.

As the coupon explains this proviso in detail, it is a good idea to quote it in full. It was countersigned at the bank, and there were blanks for the filling of the date and customer's name.

This was the coupon:

"To any Dealer listed on the reverse of this Coupon:

"You are hereby authorized to accept this coupon in full payment for one Howe Crystal Radio Receiver, provided the member of the Denver National Radio Thrift Club whose name appears below buys from you the balance of the equipment required for operation, costing $3.50 upward. It is understood that this equipment is to include all necessary wiring, insulators, connections, a single ear phone and a set of printed instructions for erection and operation and that the equipment when erected according to instructions and used in connection with the Howe Crystal Radio Receiver will give satisfactory reception to all licensed broadcasting within a radius of twenty-five miles.

"In event the club member desires to purchase from you other, more expensive equipment than this regular set, you are authorized in such circumstances to give said member one Howe Crystal Radio Receiver free of charge. This Coupon must be presented within ten days from date."

OBVIOUSLY, the retail stores did not make a profit on the transaction. However, they were glad to enter into the plan, because of the prospects on future business which were developed. As everyone acquainted with radio knows, crystal set users in a large percentage of cases buy much more expensive sets after a short time. A taste of radio joys sells them on radio entertainments, as, perhaps, they could have been sold in no other way.

The educational talks over KOA, which were a part of the plan, set a level never before reached in the Mountain States. The men chosen were not only known for their financial achievements, but in all cases were public speakers of ability. Naturally, Clark G. Mitchell, vice-president of the Denver National Bank, was one of them. He is known to a great many bankers for his platform utterances. Another man was Karl Schuyler, a lawyer and capitalist with a magnetic platform personality.

Schuyler, this writer recalls, took as a sort of text for his talk the assertion of a great man of antiquity that, given the right position, he could move the world. In modern times, Schuyler showed a man got "position" by accumulating money. Clark Mitchell told of many human interest incidents in the relations of customers with bankers. One incident is remembered—that of a capitalist, a customer of the Denver National Bank, who, negotiating in the Wyoming oil field, needed a very large sum of money almost instantly in order to put over a deal. There was not time to secure funds in any ordinary way. Without them, the opportunity would be lost. In the emergency the capitalist wired the Denver National Bank. The bank knew the man, and absolutely without banking formalities, wired him the money. Coming down to Denver after the deal was over, the capitalist called at the bank and the usual formal adjustment of matters was made.

How a banker can assist a business man is a subject frequently treated in bank advertising in a general way. Clark Mitchell treated it in a specific way, with many anecdotes which made listening a pleasure from beginning to end.

An astonishing number of new accounts was immediately produced by the free crystal radio set offered. And in addition, the bank extensively advertised itself and thrift to an enormous radio audience. Of course, matter directly advertising the Denver National Bank was scrupulously avoided in all broadcast talks.

## Was It a Special Deposit?

*By* M. L. HAYWARD

"WE WANT to deposit our cash receipts with you as they come in, then at the end of the week we'll give you a check for the full amount and transfer it to our regular deposit account in our regular bank," the corporation suggested.

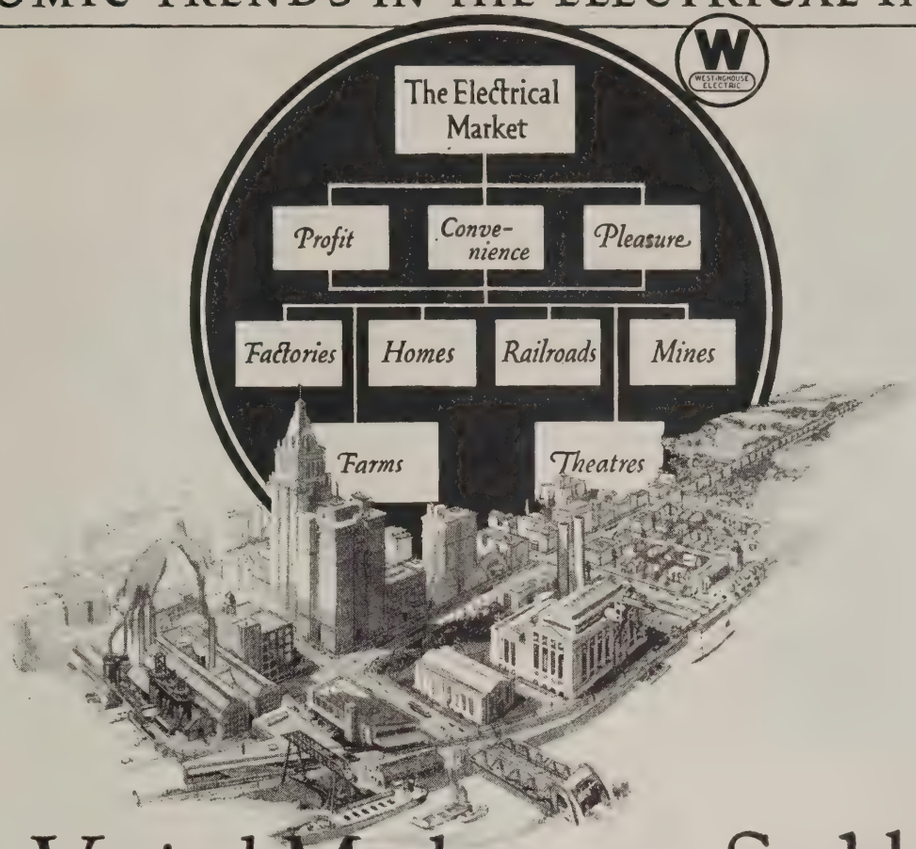
"That's satisfactory," the bank agreed, but there was no understanding that the money so deposited was to be kept separate and apart from the general funds of the bank.

On a certain Friday the bank failed, with $10,000 on hand which had been deposited by the corporation in that week, and had not been transferred to the general deposit account.

"We're entitled to the full amount as a special deposit," the corporation contended, sued in the Mississippi courts, and the Supreme Court of that state in a case reported in 75 Southern Reporter, 57, ruled that the deposit was a general deposit, and that the corporation had to take "pot luck" with the general creditors.

"We think that these circumstances fail to fasten on the money deposited the distinctive feature of a special deposit or bailment," was the reasoning of the court.

# ECONOMIC TRENDS IN THE ELECTRICAL INDUSTRY




## Varied Markets are Stable

Only in the United States Census will you find more industries represented than are included among the users of electricity, and of electrical products.

Start with the homes of the nation which depend upon electric current year in and year out, through good times and bad, for their light, comfort and convenience.

Take next the factories, the railways, the mines, the farms, and even the movie theatres. Each represents a major field of human activity that is governed by its own particular set of economic forces and conditions.

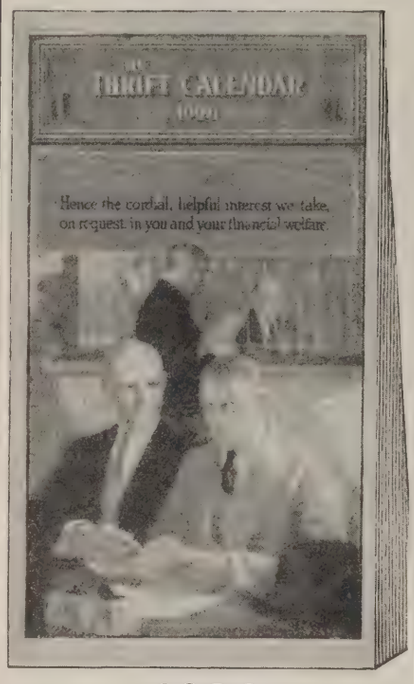
Electricity and electrical products are used for industrial purposes, for transportation, for comfort, health, amusement, and personal convenience. This diversification of users and uses gives stability and vigor to the electrical service industry through all phases of the business cycle.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
EAST PITTSBURGH, PA.

# Westinghouse

Westinghouse serves a widely diversified field: Westinghouse leads in the manufacture of motors, generators, and power equipment. Westinghouse is electrifying railways, ships, and other transportation agencies. Westinghouse makes a complete line of household appliances. Westinghouse instituted radio broadcasting.

## A Business Building Bank Service




## 1926 Thrift Calendars

**Handsomely Printed in 4 Colors**

This beautiful Thrift Calendar is designed especially for ***your*** needs, Mr. Banker. It is a real work of art—a combination of beauty, quiet dignity and practical usefulness—a fitting representative of your business. Through the direct tie-up of its thrift appeal to saving in your bank it holds the good will of your regular patrons and brings you new customers.

### 12 Monthly Thrift Messages

**Only One Mailing**

Each month shows a finely executed compelling picture and a short sermon on thrift. Your imprint is prominently displayed under each month's picture. This provides your patrons with a monthly service at the small cost of ***only one*** mailing.

### Family Budget System

On the back of the Calendar is outlined a practical home budget system—how to plan, establish and control it. Shows how much *should* be saved regardless of size of income and *where* to save the money—in *your* bank.

### Exclusive Rights

The first bank in your city to place an order (subject to our acceptance) secures exclusive rights. Mail coupon for particulars.

### *Free Sample—Mail Coupon*

Don't place your order for 1926 Calendars until you have seen this beautiful piece of art work. Send coupon today and we will mail you one of the 1926 Thrift Calendars, without, of course, any obligation to you.

**Messenger Publishing Company,**
**5932 Wentworth Avenue, Chicago, Ill.**

Gentlemen: Send me a copy of your 1926 Thrift Calendars with price quotations.

*Name* .....

*Address* .....


# The Compound Interest Column

*By* DON KNOWLTON

WE don't see why the writers of free verse take the trouble to think up all the words they use in their verses. It seems a shame to exercise so much ingenuity on words when they so seldom mean anything after they get them down in print. Besides, it's the appearance of the thing that counts. Why not take a good old-fashioned standard sentence—a sentence that has been used before, proved and tried and found efficient—and make a free verse out of that?

Why, the following is as good a free verse as I have seen for some time:

As the officers
Of the company
May be unable to identify
Every depositor
The company
Will not be responsible
For loss
Sustained
Where a depositor
Has not given notice
Of his
Or her
Book being stolen
Or lost
If such book
Be paid in whole
Or in part
On presentation.

Ever read that before?

Telephone girl—"A gentleman to see you, sir."

Vice-president—"What's his name?"

Telephone girl—"Smith."

Vice-president—"Who is he?"

Telephone girl—"I said Mr. Smith."

Vice-president—"No, no. I mean, who is he with?"

Telephone girl—"He isn't with anybody. He's by himself."

"Henry," cried the cashier excitedly to his assistant, "call the locksmith, the police and the fire department at once. Jim went and closed the time vault on the chairman's wife's poodle dog!"

"The trouble with the country today is the high cost of distribution," said the banker at the country club, thinking about the fact that his bootlegger's price had just gone up a dollar a quart.

*One of Those Embarrassing Moments*

His girl's father (to Willie, who has been a messenger boy for three weeks) "Young man, you are a banker and you have been telling us how to run a bank. I wish you would straighten me out on this: Lem Hawkins bought a piece of property from me on a land contract and he has defaulted on his payments, and just as I was going to sue for recovery of the property I find that there is a cloud on the title. What am I going to do?"

It is a wise banker who knows his own night watchman.

"Here, Charlie," said the vice-president, "you take care of this woman who is waiting to see me, will you please? She has just inherited some money and I think she wants some investment advice. Don't let her speculate. Sell her bonds if you can. I would like to wait and talk to her myself, but I've just got to run over to my broker's before 3:00 o'clock and see how the board looks."

Cheer up! If you ever get tired of your job, think about the fellow who has to stand just inside the entrance to a big building on rainy days and wipe up the mud as fast as it is tracked in.

"No, I don't want one of your toy banks," said the lady decidedly. "You have to come clear down to the bank to get them open. Haven't you got one of those nice, easy kind that you can smash with a hammer?"

*Don'ts for Bank Employees*

Heavy depositors should not be allowed to sit on plate glass tops of vice-presidents' desks.

Office boys should not carve their initials in the directors' table.

Stenographers should never hide chocolate candy behind the radiators.

Tellers should never put more than four sticks of gum in their mouths at the same time.

Girl filing clerks should never use cancelled checks for curl papers.

Guards should not sit on the lobby floor while customers are in the bank. It appears indolent.

Messenger boys should not shoot craps in the president's office. It might annoy him.

Night watchmen should sleep behind the boilers. It looks bad if they sleep out in front where visitors can see them.

Bookkeepers should not use the machine that cuts the stubs off ledger sheets, for trimming their nails. It isn't delicate.

Bank vice-president (approaching the Pearly Gate)—"How much are halos?"

St. Peter—"Three prayers and fifteen remorses."

Bank vice-president, "Well—isn't

(Continued on page 36)

# TELLER TO BOOKKEEPER COMMUNICATION SYSTEM

## AS SHOWN BELOW—LEAVES A RECORD LIKE THIS—AT *BOTH* STATIONS

(ALWAYS TWO STATIONS CONCERNED)



TELLER writing to the Bookkeeper for a Depositor's "Balance"—as he writes, his inquiry is being reproduced on Telautograph in bookkeeping Department.

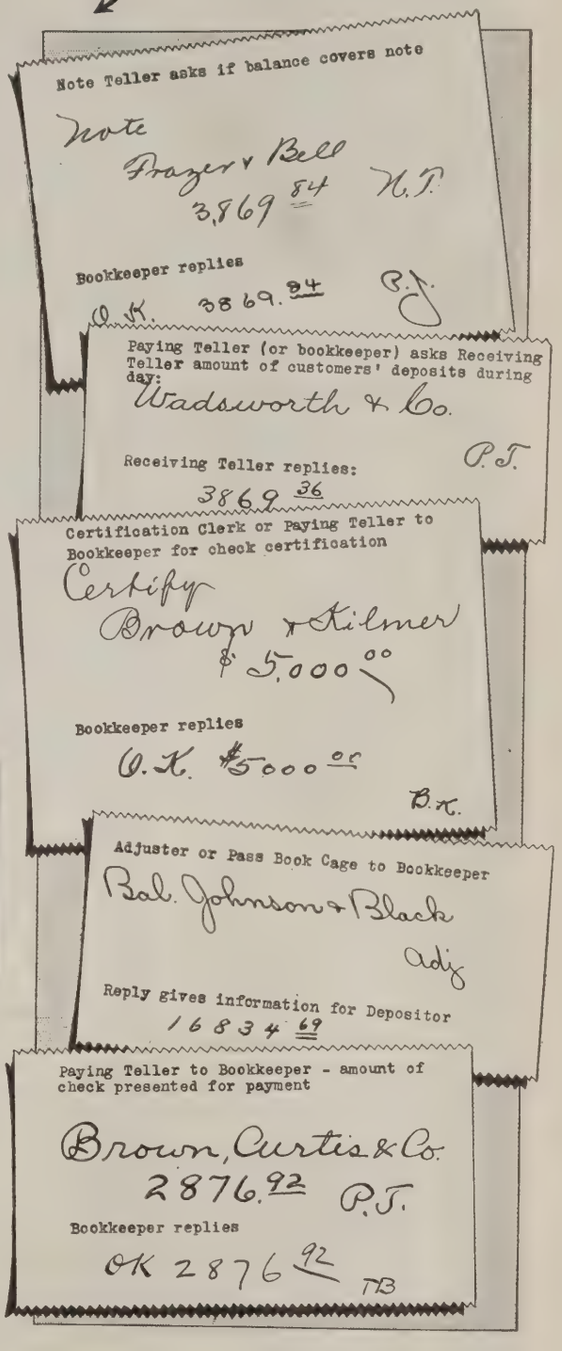
(This station costs 28c per day.)

*Below:*

BOOKKEEPER replying showing balance at the moment inquiry is received.

(This station costs 28c per day.)

INSTANTANEOUS !
SILENT !
ALWAYS SECRET !




## ELIMINATES

Embarrassment of Depositors—Because it is Secret !
Misunderstanding Names and Amounts Involved !
Shifted Responsibility When the Human Element Errs !
Delays Now Occurring When Lines Form Before Cages !

## ADDS TO

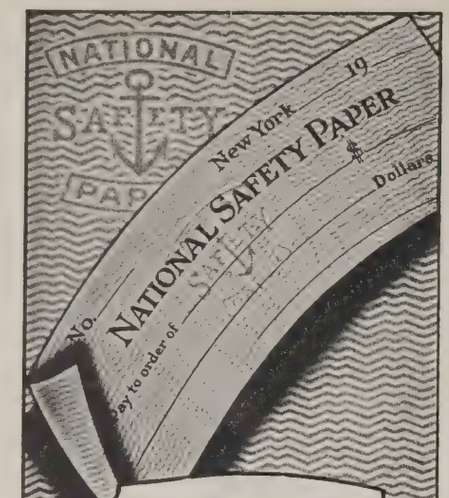
The Bank's Good-Will—Helps to Secure New Accounts!
Teller's Opportunities to Cultivate Depositor's Good-Will!
Bank's Assets by Eliminating All Involuntary Overdrafts!

**HUNDREDS OF BANKS HAVE USED TELAUTOGRAPHS FOR VERY MANY YEARS!!**
**SEND FOR OUR BOOKLET—OUR BANK ENGINEER—OR BOTH—NO OBLIGATION—EVER!**

# TELAUTOGRAPH [*SERVING BANKS SINCE 1902*] CORPORATION

General Offices and Factory—438-448 West 37th Street, NEW YORK CITY

*Branches in 38 Cities* *Service in 155 Cities*




**A Sentinel that hasn't slept in over 50 years**

Always on guard, ready to give the alarm the instant an attempt is made to defraud.

A sentinel that hasn't slept in over 50 years.

That's National Safety Paper—the paper that protects checks against fraudulent alteration. Any change made by chemicals, eraser, or knife is instantly exposed by an accusing white spot.

Is this sentinel working for you?

Ask your stationer, printer or lithographer.

**George La Monte & Son**
Founded 1871
**61 Broadway, New York**

*National Safety Paper is also made in Canada by George La Monte & Son, Ltd., Toronto*

(Continued from page 34)

there some way that I can get one at wholesale price?"

First fly—"Spring is here—wake up."

Second fly—"I know it, but I am afraid to buzz or I'll be swatted."

First fly—"Don't you know we needn't be afraid? We live in a bank display window!"

Workman—"Why do you close the bank at 12:00 o'clock on Saturday?"

Cashier (confidentially)—"Well, you see if we didn't close up at 12:00 o'clock we would be besieged by fellows like you trying to open worthless checking accounts that we didn't want."

We can't refrain from giving you a sample of what some banks' business-getting letters sound like:

"Mr. John J. Mossbank,
23 Graveyard Avenue,
City.

Dear Sir:

We note with sorrow that you have lately seen fit to withdraw the major portion of your funds on deposit with us, having taken $8.00 out of the bank and leaving only $2.00 on deposit.

Perhaps there was something the matter. Maybe one of our guards insulted you. Possibly one of our tellers refused to speak to you when you came in. Perhaps one of our vice-presidents displeased you, or maybe you were dissatisfied with the entire conduct of the institution.

Please tell us the facts of your particular case. We are always glad to know what it is that makes our customers withdraw their funds.

You may rest assured that we do everything in our power to treat our customers as they deserve to be treated, and give your account the consideration which it merits.

Mournfully yours,
The Sincerely Hope & Trust Co."

"What's the matter?" asked the president, "Isn't Jones tactful enough in trying to procure new business?"

"Tactful!" snorted the cashier. "Jones trying to exercise tact is about like a man trying to crochet Irish lace with crowbars!"

## Having the Last Word

"ABOUT two years ago old Joseph Estabrooks made his will, leaving practically all of his money to his nephew Edwin with the exception of a small legacy to the Baptist Church, and appointed our trust company the executor," the trust officer explained.

"That doesn't sound very complicated," the president objected.

"Yes, but Estabrooks was certainly an odd individual, and—"

"He was certainly that—most eccentric man I ever knew."

"And it is that very thing that's giving rise to the trouble," the trust officer continued. "Estabrooks was bad friends with his brother-in-law, John Adams, and they hadn't been on speaking terms for years."

"Did you ever hear what they fell out about?" the president demanded.

"No—they were bad friends when I came here."

"Adams was the postmaster, and Estabrooks went in one morning to mail a letter," the president explained. "Adams was as odd as Estabrooks in a way, and insisted on doing everything right up to the letter of the law. Estabrooks handed in his letter, with two cents, Adams put it on the scales, and it didn't weigh quite enough to call for more than two cents, but after he put the stamp on he weighed it again, when it was a little over the legal limit."

"Then, I suppose he made Estabrooks pay another cent, they had a big row, and never spoke afterwards?"

"That's the idea, and Adams would not even go to the funeral."

"Now I understand the clause in the will that's making all the trouble."

"It'd be just like Estabrooks to have the last word, and give Adams a slap in the will," the president said.

"He slapped him with a vengeance, for he put a clause in the will saying that Adams had stolen one cent from him, and that he left him one cent more by the will, which would enable him to mail a letter to Washington resigning his job."

"That's Estabrooks all over," the president laughed.

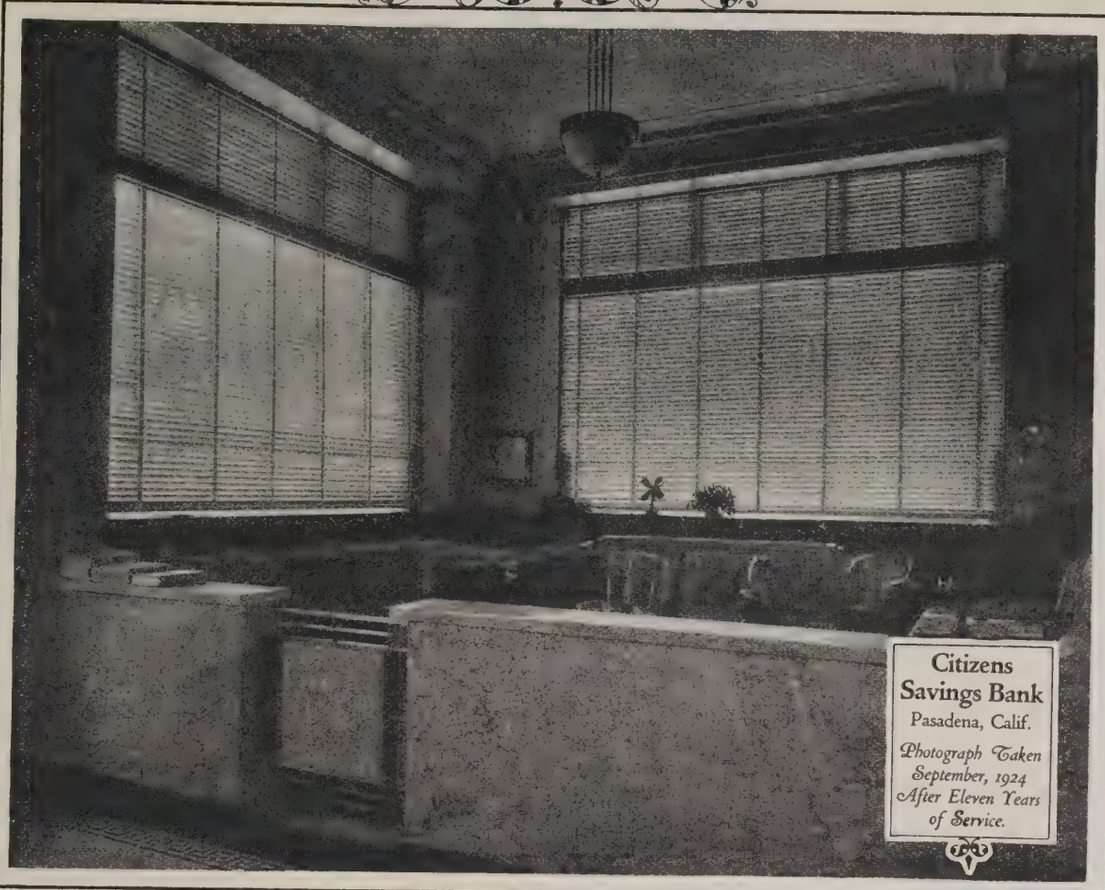
"And Adams came in this morning, and threatens to sue the estate for damages for libel."

"That would be just like Adams, too, but how far will he get in a suit against us?" the president demanded. "There is an old legal rule that personal action dies with the person, so how can he sue after Estabrooks is dead?"

"I've put that same point up to him, but he says his lawyer says that that's the general rule, but that it doesn't apply to a case like this, where the personal action does not arise until after the death," the trust officer explained.

And the old postmaster was right, as the Tennessee Supreme Court in a case reported in 162, Southwestern Reporter 584, has ruled that a party libelled in a will may collect damages from the executor of the estate after the death of the testator and the probate of the will.

"By the grace of the law a man is allowed to control the disposition of property after his death and to do many other things by will. He is thus allowed to project his individuality, his grasp, and his desires, beyond the grave, and make them effective. If by will he breaches his contract, his executor and his estate are made to respond. If by will he commits a tort there seems to be no good reason why his executor and his estate should not likewise be held accountable," said the Tennessee Supreme Court.



Citizens Savings Bank
Pasadena, Calif.
*Photograph Taken September, 1924 After Eleven Years of Service.*

# *Control Daylight! Eliminate Glare!*

*YOU* can do this with modern window equipment. *Western Venetian Blinds* control the intensity of daylight, eliminate glare, distribute daylight evenly over a large area, and control ventilation. They replace both awnings and shades, present a more handsome, uniform appearance, and are more convenient, practical and economical.

. . . Over 3000 Banks, including Federal Reserve Banks in fourteen cities, now use them. Mail the coupon for illustrated catalog showing installations of *Western Venetian Blinds* in modern banks throughout America.

*How a Ray of Daylight Travels to Your Desk—via Western Venetian Blinds.*



## Western Venetian Blinds

MORE LIGHT~MORE AIR~LESS GLARE

WESTERN VENETIAN BLIND COMPANY

*General Offices,* Los Angeles; *Factories,* Los Angeles and Kansas City

NEW YORK CHICAGO KANSAS CITY PORTLAND, ORE. SAN FRANCISCO SEATTLE ATLANTA

Texas Agents: Two Republics Sales Service, San Antonio, Dallas, Houston.

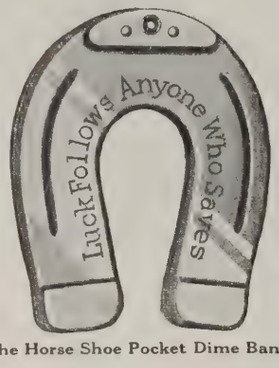
MAIL COUPON for FREE CATALOG
Western Venetian Blind Company
2700 Long Beach Ave., Los Angeles, Cal.
Gentlemen: Without obligation on my part, please send me your free illustrated 50-page catalog showing installations of Western Venetian Blinds.

Name _____
Address _____ State _____
City _____

# Real Account Getters




The "Real Home" Savings Bank




The Horse Shoe Pocket Dime Bank




The Bankers, Jr.

New Enough to be different in design and purpose, Yet old enough to have proven their worth.

Originators and Manufacturers of

**BANK Advertising**

in all its ramifications

Metal Signs of Interest Tables
School Savings Blotters
Interest Table Blotters
Monthly Folders

*Write for Samples*

***BANKERS THRIFT CORPORATION***

Bankers Thrift Building
*2240 No. Racine Ave. - CHICAGO, ILL.*


# With Heart and Soul in Savings

(Continued from page 18)

account. So is the routine deposit of the obscure fellow in line at the teller's window, waiting to bank his dollar or two to finance his private dream. It may be a girl, a business of his own, a vacation in Europe, a college education—it's his dream, and he will respond now to sympathy and always look back to the institution that helped him.

In advertising, Mr. Hennessy has done many clever things, but the most characteristic and successful was his launching of a little monthly journal for members, the *Franklin News* in November, 1923. Up to that time, practically every form of advertising used had been directed to securing new members. This little eight-page newspaper, measuring 9 x 6 inches, is designed to keep them, making the Society a family as well as an institution. And it has been most effective. Many a magazine editor would envy the reader-mail received by the editor of the *Franklin News*.

In each issue there are regular features. Always an article about some member of the Society, with his or her portrait, telling briefly how membership began, and what it has done. The Society has dozens of successful journalists in its membership, a volunteer following of unpaid contributors whose value will readily be appreciated by anybody who ever had to get out a "house organ."

There is also an article every month about some member of the Franklin organization, under the heading "These are Your Servants."

What more natural, when the first number of this little family newspaper was in preparation, than inviting the president of the Society to lead off with his personal story? But he dodged the issue, and suggested that they begin at the other end of the organization, telling the story of "Scotty" the office boy, which was accordingly done.

EVERY issue of the *Franklin News* contains a column of wisdom from Ben Franklin's writings, a column of nonsense, a column of optimistic sentiment, and similar features, together with letters from members, figures of growth, suggestions for financing and building homes, and "thrift" material that is human because it comes out of the lives of real people. There is also a question-and-answer column dealing with financial matters. The paper has a circulation of nearly 30,000 copies a month, and costs $700 a month for everything—typesetting, engraving, printing, paper, envelopes, addressing and one cent postage, slightly more than two cents a copy.

I know of nothing more efficient than the Society's "mail order" department. Many savings institution officers are now alive to the possibilities of mail deposits, but a great many more are not.

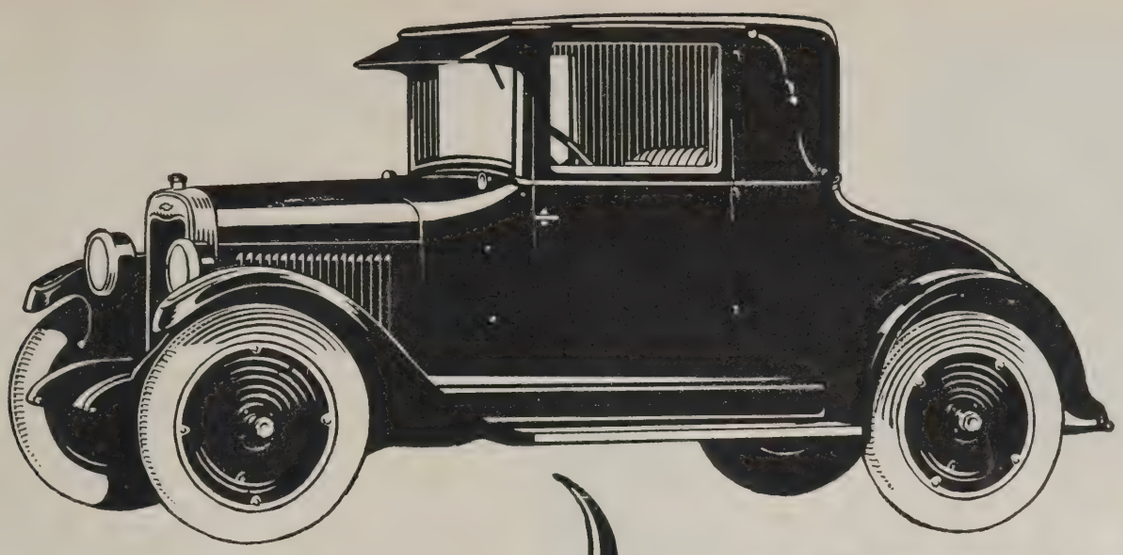
It began about fifteen years ago, when the new subway and suburban developments decentralized the old downtown section of New York. Both depositing and borrowing members were moving too far away to come to the office. More and more business was being done by mail. Whereupon, one of the junior officers was sent on a tour of the country, picking up good suggestions wherever he found them, among others, new ideas for developing mail business.

First, the old deposit book was cut down in size to fit a No. 6 envelope, 5¼ x 3¼ inches, and reduced in weight so it could be mailed with checks or currency for a two-cent stamp. The deposit slip was also cut down to 4 x 2¾ inches, and punched with a hole for filing. Deposit slips are kept for at least ten years, to adjust disputes that may arise. This smaller slip saves more than 50 per cent of the filing space formerly required.

THE chief handicap of mail savings business is the depositor's fear that his pass book will be lost in the mail, and with it his money. This wrong notion is overcome with a slip stating that, in the event of loss, theft or destruction, a duplicate pass book can be obtained without trouble.

It is a rule that on the same day a remittance is received the pass book, duly credited, must be mailed back, so that this kind of deposit or mortgage payment is as quick as it is easy. The money mail department has steadily grown until it now occupies all the time of one woman clerk "and she is one of the fastest workers I ever saw, like chain lightning," Mr. Hennessy says. Mail transactions vary, running as high as 300 to 400 letters daily, down to 150 or less. The day of the month has a good deal to do with it, there being a rush before the tenth each month to take advantage of interest. This is to some extent true of dividend periods in January and July, when the proceeds of stock owned by employees of corporations are deposited, along with coupons from small bondholders. The largest number of mail deposits and payments are by personal check, indicating a highly desirable kind of business with people who might not visit a savings institution personally. Next come money orders, and third currency, which is negligible. There is a small proportion of bond coupons, and these sometimes give trouble when returned for

(Continued on page 40)



**Smart Fisher Body**
**streamline design**

**Duco Finish**
**in sage green and black**

**Polished Radiator**
**of non-rusting airplane metal**

**Fisher V-V Windshield**
**full vision and ventilation**

**Modern Chassis Design**
**typical of high-priced cars**

**Disc Clutch**
**requiring no lubrication**

**Long Semi-elliptic Springs**
**of chrome vanadium steel**

**Powerful Economical Motor**

**Balloon Tires and Disc Wheels**

# NEW CHEVROLET

*for Economical Transportation*

This Coupe has the complete equipment and fine finish of high priced cars—but sells at only

# $715

**f. o. b. Flint, Mich.**

To offer so great a value is possible only because of General Motors' enormous purchasing power and Chevrolet's great volume production.

CHEVROLET MOTOR CO., DETROIT, MICH.
*Division of General Motors Corporation*

| | | | |
|---|---|---|---|
| Roadster | $525 | Commercial Chassis | $425 |
| Touring | 525 | | |
| Coach | 735 | Express Truck Chassis | 550 |
| Sedan | 825 | | |

*All prices f. o. b. Flint, Michigan*

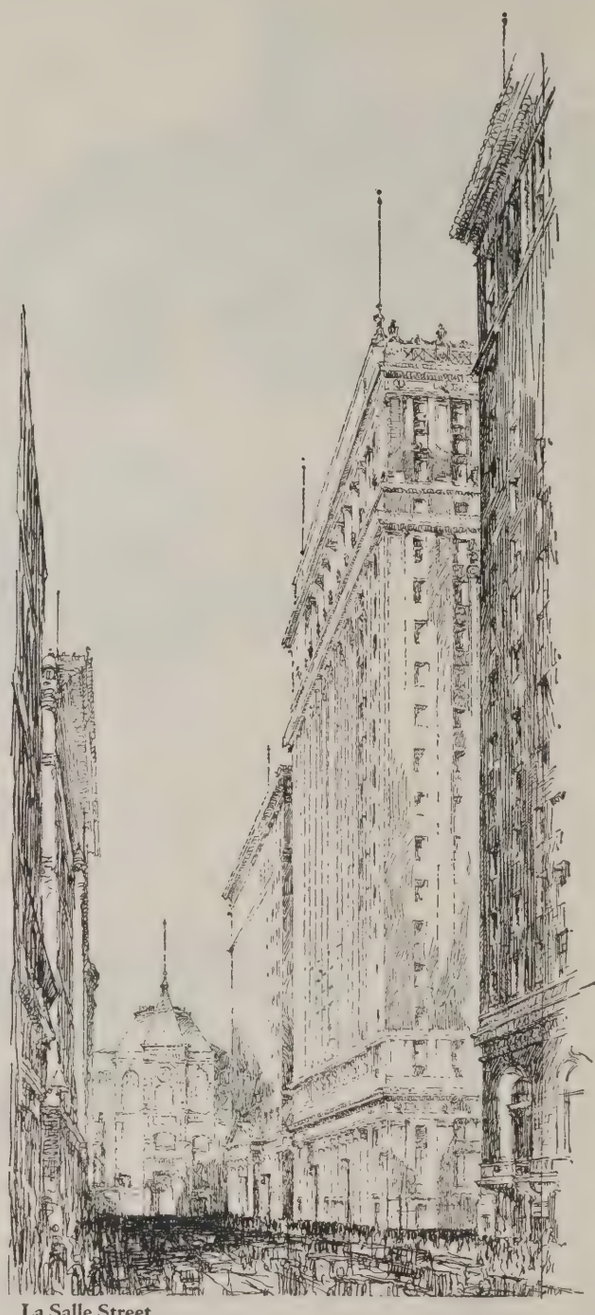
(Continued from page 38)

certificates, as a result of the confusion caused by tax laws, but practically everything that may go wrong with a bond coupon has been listed on a form, and this is checked and sent to the member, making it unnecessary to write a letter. Nothing is ever charged for postage, and where members send a self-addressed stamped envelope in transacting mail business, it is returned, the Society paying the postage to indicate that it is glad to do business this way.

The greater number of members who do business by mail are suburbanites, some of whom have opened accounts personally, and moved too far for the transaction of counter business, while others are suburbanites who have become members to obtain building funds, and beginning with mortgage payments by mail, open deposit accounts for themselves or children. The Society gives particular attention to transactions with members who have moved considerable distances or gone abroad on business. It has members who regularly send deposits from Mexico, South America, Cuba, France and other countries. In one case, a newspaper man going abroad, and including Russia in his travels, made arrangements to have money cabled him upon request wherever he might be, leaving signed withdrawal forms for the purpose.

NEWSPAPER advertising is difficult, not only because the modest appropriation will buy only small space at the high New York rates, but because so much of the circulation of the metropolitan papers—fully 40 per cent—is outside the society's territory. While the money mail department keeps accounts active, practically all new ones are opened personally. For this reason the most successful advertising is the kind that reaches people close at hand. Two small windows facing on Park Row are among the best advertising mediums Mr. Hennessy has ever found. There is always a crowd in front of them, looking at the "thrift display" which is changed weekly. Mr. Hennessy plans these displays, each of which has a striking idea, and as they are not copyrighted or patented, any other thrift institution is free to use them. Here are some of the ideas:

Four specimens of money were exhibited. First, a $50 Continental note, about which a placard said, "Here is some of the earliest American money, paper currency issued by the Continental Congress. This money depreciated so fast during the Revolutionary War that people came to express their idea of anything of little value by saying it was 'not worth a Continental.'" Second, a German 5,000,000-mark note with the legend "Worth, when a



La Salle Street

*The heart of Financial Chicago*

*The* CONTINENTAL *and* COMMERCIAL BANKS

CHICAGO

INVESTED CAPITAL
OVER 60 MILLIONS

TOTAL RESOURCES
OVER 550 MILLIONS

mark equaled 24¢, $1,200,000. Now worth about $3." Third, a Russian 1,000,000 - ruble note—"A ruble used to be worth 51 cents, and then this was worth $510,000; now worth 25 cents; soon it will be not 'worth a Continental." Fourth, an American dollar bill—"Good here and elsewhere in the world at its face value in gold; when you save these they never grow less."

A GOOD many of these window displays emphasize the foolishness of get-rich-quick investments, reminding the passer-by of Mark Twain's saying that "There are two times when a man should not speculate—when he can afford it, and when he can't."

Mr. Hennessy has a very strong belief in the building-and-loan association as an institution performing a distinct service of its own. He also believes that it should keep in its own particular field, and not encroach upon other thrift institutions. As each state regulates these institutions in its own way, they differ in various states. The New York law keeps them closely in their own field. The Franklin Society, for example, is permitted to lend in a radius of thirty-five miles, and can accept mortgages in New Jersey and Connecticut within this circle. But it must lend on first mortgages only, and actually restrict loans to members, upon one-family and two-family houses only, and more than 90 per cent of its borrowers live in the actual mortgaged houses. Elsewhere, some building-and-loan associations have greater leeway in lending, taking large mortgages upon apartment houses and commercial buildings. They can also offer a shade higher interest than savings banks, and virtually become competitors of the latter, growing into large depository institutions with few actual members. They are, therefore, not really building-and-loan associations, and Mr. Hennessy believes that such perversions of the basic building-and-loan principle are harmful. It was with this belief that he recently opposed vigorously a proposal to alter the New York law removing the limit upon individual deposits.

## A Record of Checks Charged

SERVING a farming community, the H. C. McLacklin & Company State Bank of Petersburg, Michigan, has found that it pays to give unusual service. It keeps a record of the payee and the maker of every check it charges against an account. In this way, it can answer the questions of its farmer customers who frequently misplace the cancelled vouchers that have been returned to them.


**Increase**

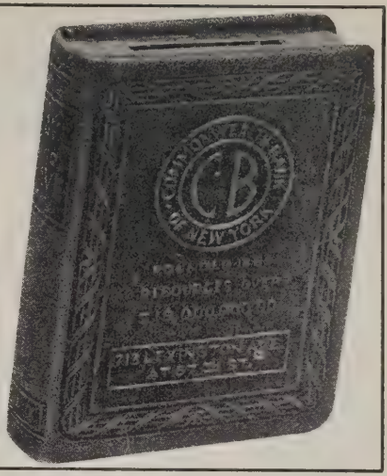
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By offering the use of the Nutry & Cook Book Savings Bank.

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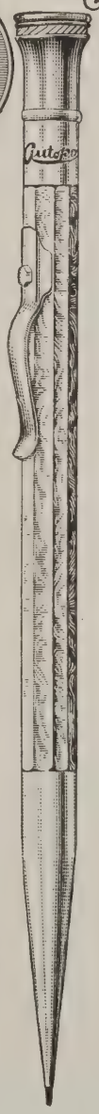


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*The Better Pencil*

**1925 MODEL**
*Made of Bakelite*

*Made of Bakelite*



Your Name Here

*A constant reminder, the best ad you can have!*

*Autopoint's 3 Outstanding Exclusive Features*

1 The famous "neutral zone"—an exclusive patent. When the lead is exhausted, the feeding mechanism goes into neutral—it cannot "jam." This is what breaks ordinary mechanical pencils.

2 Bakelite barrel—an unchanging, onyx-like light-weight material—*cannot* dent, split or tarnish. Most beautiful substance used for pencils.

3 Simplest, smoothest working mechanism. Nothing complicated to go wrong—only two moving parts

**Here Is the *New* Way**

**Business men are building businesses**

TOO high a value cannot be placed on good-will advertising—the constant reminder of *your* company, day after day, with the people you do business with—whose business you seek.

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Autopoint's mechanism is the simplest made. It cannot jam, break or go wrong. Hence thousands who use it for advertising purposes call it "the finest pencil in the world."

* * *

Today find out more about Autopoint. Mail us the coupon for prices, descriptions of various qualities, our attractive competitive prices. You owe it to yourself at least to learn of its new sales-possibilities. There is no obligation. We won't send a salesman if you prefer.

But mail that coupon now—TODAY.

AUTOPOINT COMPANY, 4619 Ravenswood Ave., Chicago

Without obligation, please rush sample of Autopoint Pencil, 1925 model, and prices, your business-building gift proposition, and full information. I attach business card or letterhead.

Name..... Position.....

Company.....

Address.....

B. C. H. 6-25

# Standard

SHEET NO. NAME

ADDRESS

McBee Systems, Athens, Ohio Form 759

| OLD BALANCE | DATE | CHECKS IN DETAIL | DATE | DEPOSITS | DATE | NEW BALANCE |
|---|---|---|---|---|---|---|
| | | BALANCE BROUGHT FORWARD | | | | |
| | | | | | | |

KEY
LST.–TOTAL LIST
INT.–INTEREST
COL.–COLLECTION
RET –RETURN

IN ACCOUNT WITH
THE LANCASTER NATIONAL BANK
LANCASTER, OHIO

Name _____

Address _____

Statement of your Account to _____

McBEE SYSTEMS, ATHENS, OHIO. FORM H-2474

| OLD BALANCE | DATE | CHECKS IN DETAIL | DATE | DEPOSITS | DATE | NEW BALANCE |
|---|---|---|---|---|---|---|
| | | BALANCE BROUGHT FORWARD | | | | |
| | | | | | | |

Card No. _____

Name

Address

MC BEE SYSTEMS, ATHENS, OHIO FORM 657

| OLD BALANCE | DATE | CHECKS | DATE | DEPOSITS | DATE | NEW BALANCE |
|---|---|---|---|---|---|---|
| | | AMOUNT BROUGHT FORWARD | | | | |
| | | | | | | |

In Account With The Huntington National Bank
Columbus, Ohio

| OLD BALANCE | DATE | CHECKS LISTED IN THE ORDER OF PAYMENT. READ ACROSS | DATE | DEPOSITS |
|---|---|---|---|---|
| | | BALANCE FORWARD | | |

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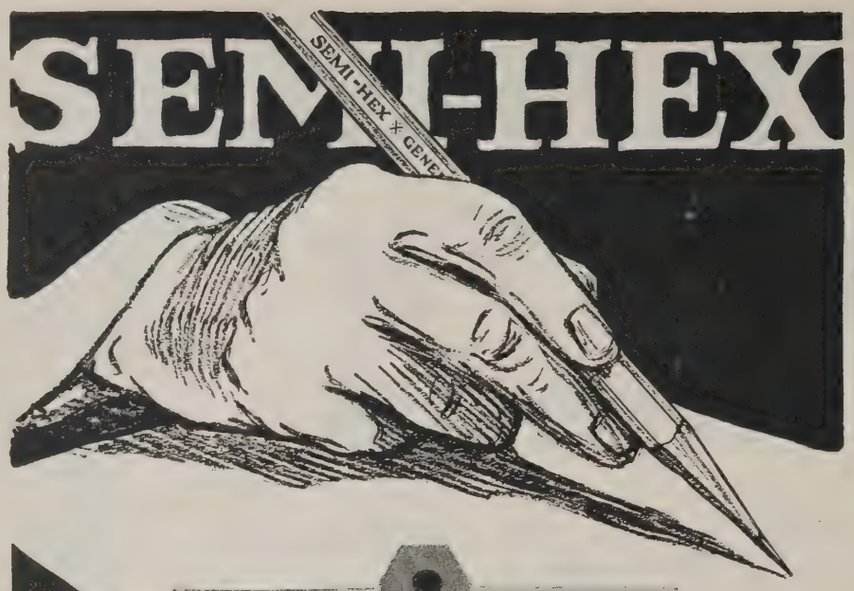
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*You can get it from the nearest Burroughs agency or, if you wish, you can order direct from the factory*

BURROUGHS ADDING MACHINE COMPANY, Detroit, Mich.


## When the Depositor Owes the Bank

(Continued from page 16)

exists in the case of unmatured debts due to the bank.

"The principle is well settled that the deposits and notes of the same person in an insolvent bank can be setoff against each other, even before the maturity of the notes in the hands of the bank," says one state court in a case on the point, a rule that has been approved by the Illinois, Kentucky, Maryland, Michigan, Missouri, New York, North Carolina, Ohio, Pennsylvania and Wisconsin courts.

### *When the Deposit is Due*

From what has been said it follows that if the note in favor of the bank and the deposit in favor of the customer are both due, then the right of setoff is undisputed, but, suppose that the note is due but the deposit is not.

On this point—although there are decisions the other way, the weight of court authority favors the right of setoff.

"We are convinced that any equitable setoff which the debtor of an insolvent bank has at the time the bank stops payment is not altered or affected by the assignment," says the Minnesota Supreme Court in a case on the point.

### *When the Bank Holds Security*

When the bank holds collateral security for the depositor's note, another interesting problem is presented.

"What if the bank wasn't insolvent, and tried to apply your deposit to your debt?" the receiver suggests.

"I'd say it couldn't, because it had security for the debt outside of my note," the depositor says.

"Well, then, by the same argument, you can't apply your deposit to the debt, now that the bank's insolvent," the receiver retorts.

In a recent Massachusetts case where the depositor's debt to the bank was secured by a mortgage, the courts upheld the receiver's contention.

"The bank lent the money in reliance, not on the depositor's general deposit, but on the mortgage on his real estate," said the Massachusetts Supreme Court. "The debt was a second one, and now if the depositor's setoff were allowed, he would be paid in full and be given a preference over the other creditors of the insolvent bank."

### *Trustee Depositors*

So far we have been dealing with individual depositors who deposit their own funds in their own names, but what about a depositor who holds money in trust for X, deposits it in his own name, and then claims the right of offset on the insolvency of the bank?

"The debt to the bank is your own — the money deposited is X's, and the rule don't apply," the receiver contends.

"Yes, but if I can't get that money out of your insolvent institution I'm personally liable to X, and that gives me the right of setoff," the depositor retorts, and the weight of authority is with him.

"Tested by this rule, we think that the demands of the bank and of the depositor were mutual demands, and that the assignee of the insolvent bank having sued the depositor for the collection of the debt due to the insolvent estate, the depositor may set off the debt due him from the insolvent estate and account for the balance only. In other words, we think it fairly inferable that the language of the paragraph of the answer just referred to was merely descriptive of the person of the depositor, and did not alter the right of the depositor to have mutual claims that are due the bank and himself set off against each other. This view is strengthened by the averment that the depositor is personally liable for the amount so deposited by him," says the Arkansas Supreme Court in a recent case on the point.

*When the Bank Has Two Departments*

Now, take the case where a bank or trust company has a savings and a commercial department, a depositor deposits money in the commercial department, and borrows money from the savings department, the bank fails and the depositor attempts to apply the rule of offset.

On this point the Massachusetts courts have ruled that the offset cannot be allowed. In Connecticut the depositor has the law in his favor.

"The plain and paramount purpose of the Massachusetts statute is to protect as far as practicable, depositors in the savings departments of trust companies, many of whom may be poor people with small resources, against the risks of commercial banking," says the Massachusetts Supreme Court.

*Savings Bank*

Does the rule of setoff apply to savings banks?

On this point the law is not clear, but there are Connecticut, New Hampshire and New Jersey decisions denying the right of setoff, while in one state at least (Florida), the right has been upheld by the courts.

*National Banks*

Does the rule apply to national banks?

On this point the United States Supreme Court has ruled that there is no valid reason why the rule of setoff should not apply to national banks, a principle affirmed in the case of Scott vs Armstrong, 146 U.S. 499.


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An Open Letter

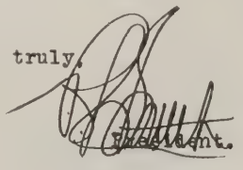
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We have just completed two carefully prepared statements on the whole question of Automatic Banking in Industry and in the Schools.

As the edition of each is limited, we want to place them among those of you most actively engaged and interested in School and Industrial Savings Plans.

If you are one of these, we shall be very glad to send you a copy of either or both upon request.

Yours truly,



Clark Changeable Boards

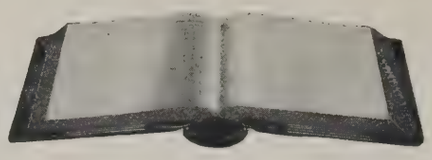



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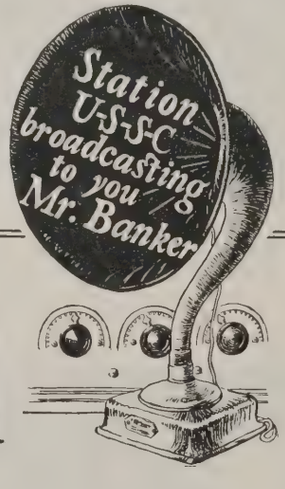
## The Balance Sheet
*that shows why*
## Proudfits *mean* Profits



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|---|---|
| Debit | Credit |
| 1. Protruding Posts | 1. No Metal Posts |
| 2. Sheets held by holes | 2. Sheets held by compression |
| 3. Uneven writing surface | 3. Flat writing surface |
| 4. Sheets tear out | 4. Sheets do not tear. |
| 5. Leaves jammed in | 5. Leaves arch from center |
| 6. Inserting sheets difficult | 6. Inserting sheets easy. |
| 7. Wide binding margin | 7. Narrow binding margin |
| 8. Unnecessary weight | 8. Less weight. |
| 9. Sheets get out of alignment. | 9. Easy to jog sheets back into place. |

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## The Return to Gold in England

(Continued from page 7)

and the purchasing power of gold decreases accordingly.

The world's gold output today is around $400,000,000 annually, which, taken together with the huge stock of around $1,500,000,000 over legal requirements held by the Federal Reserve banks, certainly supplies a seemingly adequate basis for any credit likely to be needed in the next few years. It was Mr. McKenna's argument, and it is hard to controvert it, that under these conditions gold would flow naturally to England without the aid of high money rates, and that with a gradually increasing gold stock in the Bank of England, British trade would have at its command all the credit it requires, prices would be stabilized at somewhere around the present level, and British manufacturers and traders would soon regain for themselves the position lost because of the war and the chaotic conditions of the years immediately following it.

What the English are banking on in getting back to gold is this: From 1890 to about 1903 there was an insufficiency of gold, due in part to failing production and in part to growing trade needs. During that period prices fell, credit contracted and trade stagnated. But with the discovery of the South African gold fields and the greatly increased supply of gold, prices quickly advanced for the next decade, going up in fact almost 25 per cent. Trade expanded and industry, particularly in Britain, became prosperous.

THE war years, of course, were years of inflation and price advances, due in most part to purely artificial causes now no longer operative. It is the decade from 1903 to 1913 that the British are studying to learn what may be expected during the next few years, because the normal economic laws then in operation will again be working and the same results may reasonably be expected.

Another point which leads the British to believe that prices will be stabilized over the next few years at something like the present level is the tendency on the part of Europe to accept present prices as a reasonable basis on which to work and to attempt currency stabilization accordingly. Czecho-Slovakia has already given notice that it intends stabilizing its currency at the present level, leaving the question of its exact gold content to be determined later. Germany, strange as it seems after the weird performance of its currency since the Armistice, is now on a gold basis. Whatever may be the reason, the British can't help noticing that their former industrial

rival, Germany, again on a gold basis, is able to come into the most highly developed and competitive British trade, shipbuilding, and take away from British shipbuilders the most attractive contract placed during the past three years.

Austria, Hungary, Poland, Esthonia and Danzig have all adopted new parities and Finland intends to do so within the next six months. Furthermore, British opinion is quite convinced that there is no salvation for the French franc so far as ever getting back to parity is concerned. What most British bankers believe is that when the time can no longer be postponed, France, Italy and Belgium will swallow their pride and re-value their currencies on the basis of present worth.

ALL this suggests to the British that it is time they bestir themselves and place sterling again in what they consider its rightful position, as the dominating standard of exchange for Europe. When one stops to consider what they have accomplished since the end of the war in restoring stability to their currency, the recital is little less than marvelous for a country facing so many internal problems and with so much of its capital tied up in loans to allies on which not even the interest on the interest has ever been paid, and of which the principal sum might as well be located on Mars for all the practical good it does its former owners.

In the first place, they have more than maintained their relative place in world trade. While the total volume is smaller than in 1913, the share in which the British participate is larger than before. The Bank of England has co-operated with the other central banks of Europe in arrangements by which the gold stocks of all these combined banks are about one billion dollars more than at the close of the war.

Since the Armistice British taxpayers have dug up surplus revenue totaling £700,000,000, every cent of which has gone to pay off debt contracted for war expenditure. This sum has, however, remained in the capital fund of the country because it has been immediately re-invested in either government or other securities. The interest charge saved by paying off this £700,000,000 of war debt is equivalent to a reduction of one shilling in the pound of the income tax. Lastly, short-term and floating debts amounting to more than £1,000,000,000 have been refunded into long-term, low-interest-bearing securities.

It is such accomplishments as these, coupled with the fact that they have been able steadily to increase the value of the pound in terms of dollars, while at the same time paying off their American debt, that lead the British to look without fear on the prompt resumption of gold payments. What little objection there is has been raised by the fear that with the pound still below par, a lifting of the export ban on gold would promptly result in draining the present gold reserve out of the Bank of England. The best opinion is at least 95 per cent agreed that the opposite result is the more likely.

If it is true that the world is producing more gold than it needs and that prices are likely to continue their rise from pre-war levels, the news is probably of more value to the people of the United States than to any other country in the world. Every time prices go up it means that our huge gold stock is worth just that much less in purchasing power, so the quicker we unload on somebody else's shoulders the better for us. But the trouble is that we always seem to be more prosperous in a period of rising prices than any other time, and the faster they rise the more gleeful a large section of the trading community becomes. It is hard to be downhearted when we are making money, but after our experience in 1920 a little bird ought to whisper in our ears that prices can't rise forever.

But regardless of what effect its immediate reflexes may have on trade, and there is widespread agreement among British bankers that money rates may harden for a time, with consequent restraint in making new commitments, the gold standard is coming back in England. They are proceeding on the theory, of American flavor, that the way to resume is to resume. Already South Africa has served notice that after June 30 of this year no licenses will be needed for the export of gold from its mines.

South Africa is a good example of the stability that the gold standard gives when its operations are not impeded by the artificial restraints of war. While the free movement of gold has been curtailed since the war, the country was really little affected by the suspension of gold payments, with the result that its present price level is only 15 per cent above pre-war levels, while the United States, which alone of all the countries of the world maintained the gold standard throughout the war, has a present price scale more than 60 per cent above 1913.

The British are convinced that the future commercial prosperity of the world is lined with gold and they intend to have their share of it.

## Complete Identification

THE Bank of Topeka, Topeka, Kansas, carries on the top of its savings ledger card a complete identification system, on which are checked off all the prominent physical features such as height, color of eyes, scars, and the age of the customers.

GF Allsteel
The Complete Line of Office Equipment

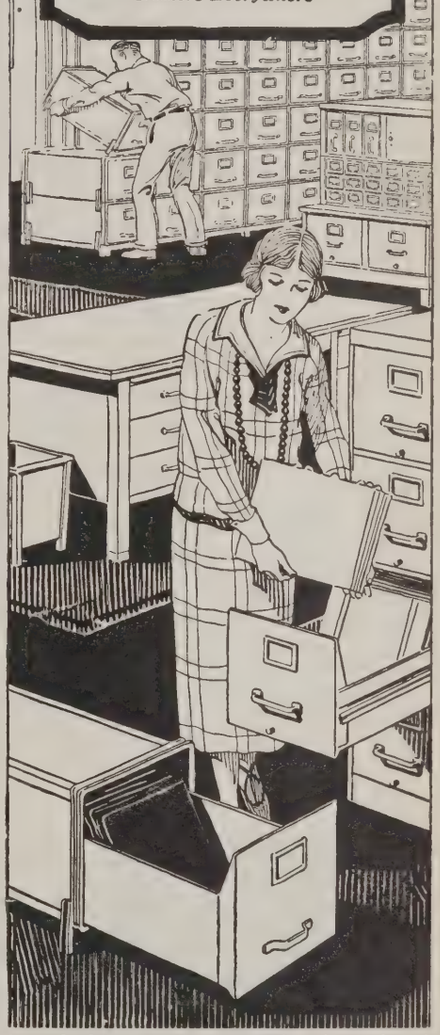
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Back of them we have put the great power of a national advertising campaign that reaches 20,000,000 Americans who are real "prospective" depositors.

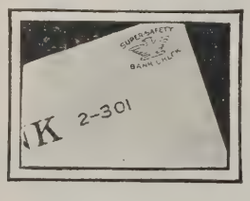
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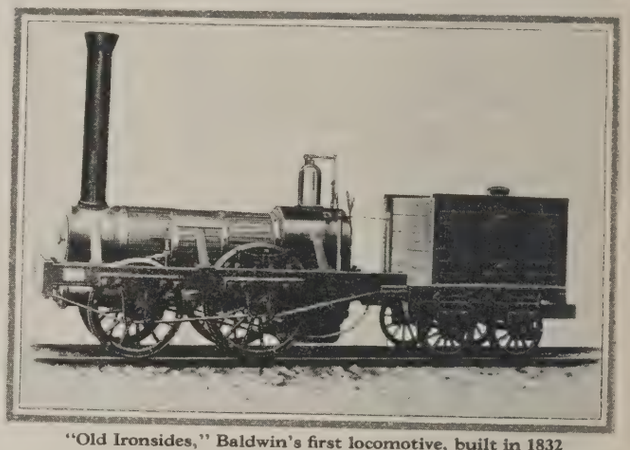
***Super-Safety Bank Checks protect depositors against check fraud. They are made of the safest check paper supplied by any bank.***


# The Rise of Investment Banking

(Continued from page 14)

secretive and sharply competitive banking, upon which it came with something very like a shock.

As high-class bonds often run for forty to one hundred years or more, they must of necessity go through a fine-tooth comb process at the hands of lawyers, accountants and technical experts representing the owners as well as the syndicate which is making the issue. The two constant and predominating factors in developing investment securities have been the bankers and the attorneys. Through their collaboration, the crude and imperfect first trust mortgage of the fifties, sixties and seventies has grown into the many present forms of first, second, consolidated, refunding, income, collateral trust, debenture, equipment, etc., etc., mortgages and notes. One New York trust company catalogues under seventy-five heads the mortgages under which it is trustee, in addition to many which are unclassified. The new kinds of stocks, notes and debentures are almost as varied. Each new provision of these securities has had to be thought out and made fool-proof by the lawyers whose duty it is to safeguard the interests and rights of owners, bankers, trustees and investors.



"Old Ironsides," Baldwin's first locomotive, built in 1832

Twenty years ago Mr. Stetson said: "My time is now too valuable to go into court. For years I have not been into court except upon the foreclosure of railroad mortgages, and then only to see that the arithmetic was correct." The corporation lawyer has been the great pathfinder and business guide and constructionist and senior advisory partner of his investment banker client, who constantly lays new problems before him.

AT last the principles of investment banking have outgrown Wall Street and are taking hold on the mind of the nation and proving the solid breakwater against which the waves of passion and radicalism and class hatred break in vain—though with much noise and foam. Millions of small investors are now thinking of economic matters in economic terms. Labor, individually and collectively, is beginning to invest, and to think the thoughts of other investors.

Recently I talked with the foreman of a gang of men who were laying gas pipe for a public service corporation. He boasted that he had been in all sorts of jobs, but "now," he said, "I am paying for three shares of this company's stock, and things look a little different to me." He even tried to get me to buy a few shares of stock! I thought as I watched him that even the president of the company could not have bossed the job more solicitously and wisely or with a tithe of the sense of responsibility which had thus filtered down from the office to the field and working force. That foreman typified a great new class of holders of investment securities who are watching the spending of money in which they have a stockholder's interest.

Only a few months ago the president of our largest national bank publicly welcomed the labor banks, because they would show Labor, individually and collectively, some of the problems and rewards of Capital.

Every day we are learning to distinguish and disassociate economics from politics. Otherwise the Dawes plan and its resultant issue of German bonds would not have appealed so strongly to us. In that issue, the investors followed our bankers rather than our statesmen or politicians. It is the investment bankers who have dictated the state policies involved in many recent issues of securities.

It is not too much to say that our presidential election of 1924 would have gone quite differently if the 500,000 of investors prior to Liberty bond days had not swelled into millions in the eight years of the recent growth of investment banking.

No one can foresee what are to be the widespread and lasting effects, financial, commercial, political and social, as investment securities become the vogue, and their accumulation spreads more and more through the mass of the people. Possibly it is to be an antitoxin for Marxism—little recognized as yet, but already working wonders.

## Audit—Martinet, or Good Fairy?

(Continued from page 9)

the audit officer really could make such a clean-up that he would leave the branch fool-proof and crime-proof (for which his authority and program seem to provide) his usefulness would be that of a tireless machine turning out an unlimited supply of pattern bankers. Somewhere in the machine a little pruning hook is provided for each and every irregularity. The only provision overlooked is for the scalpel to amputate the dishonest tendency. There is little evidence to refute the guess that pilfering bank clerks were no more nor less numerous one hundred years ago than they are today.

In many banks and offices, when a boy of improper instincts is taken on he is given charge of the stamps—which he promptly pilfers, is almost as promptly discovered, and fired, thus at one move showing the boy the seriousness of breach of trust and saving the bank the danger of harboring a potential criminal. But in some of our banks the postage stamps are counted out to the new boy at the beginning, each stamp affixed to an envelope is entered in a book, the amount checked and initialed by a second officer,* the month's disbursements verified by a third. And the audit officer goes over it all to see that it has been done.

THE boy who would like to steal cannot. So, along through the various junior posts the audit system lays a restraining hand on that same suppressed tendency. But one day he comes to a position where he must be trusted. On the postage there was little question of trust; he wanted to pilfer but could not. So, now, his natural bent may make a hole in the capital instead of the stamp box.

"Rules there must be for the proper conduct of any bank," concedes the manager. The question is, how many? Shall we have a bank riding along on its system, or the system riding the bank?

A Frenchman in Paris said, "Our city is the most clean-moraled in Europe." And I, fresh from London, raised my eyebrows. "We establish," he added, "a standard of living and abide by it absolutely. The standard is based on human nature. You call it low. London has a false standard, based on prudery. You think it high. But in practice London also lives true to human nature, breaking its laws. The difference—we respect our standard, you ridicule yours."

An ex-audit officer's assistant was put on ordinary office work at a branch

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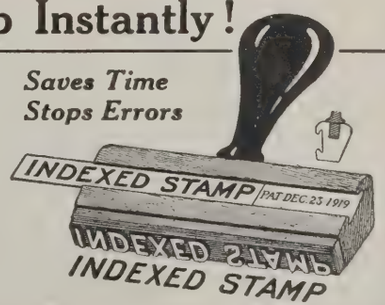
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in an emergency. Relieved of his official clothing, he confided in the manager, "I suppose there's not a man in the service but who breaks rules every day of his life." In one of the banks a part of the audit consists of written replies, by the manager, to a couple of hundred items in a questionnaire. If, in reply to the question "Is joint custody strictly maintained at all times?" the manager answers anything but "yes," he knows he invites voluminous correspondence and censure. Therefore he writes "yes," though the chances are that it is not absolutely true. An audit officer once said to me, "I'm not sure of the advantage of having the managers write these replies. They all answer the same way, and they're lying. I know they're lying, and they must know that I know they're lying."

Still another auditor, during a leisure hour, remarked, "I certainly felt mean when I walked out of Oakdale branch—a branch I knew to be splendidly conducted—with a whole bunch of irregularities filed away in my note book to be recorded at head office against Oakdale."

"Would it not," he insisted, "have served the purpose merely to have discussed these points with the men concerned? In any other business establishment the office boy who leaves a door open is not written to by the president, but spoken to by the bookkeeper or the hall porter." In the case of the bank, however, it must be allowed that what the general manager writes about is something that the bookkeeper should have told the office boy but did not tell him.

THE battle of reasons versus regulations between manager and audit officer would sometimes be entertaining and vastly human as viewed by a neutral. The old inspector and the old manager make a sociable and totally unexciting time of it. When the young audit officer contacts with the old manager the conscientious punctiliousness of youth has free rein, for the mellowed veteran evidences a deal more amusement than concern. Youth is welcome to his spurs (or whatever it is he is winning) for any effect it is likely to have on a reputation set in concrete. But when the new audit officer contacts with the manager still on trial—then the young manager, fencing for his reputation, does not realize that the auditor is doing exactly the same thing, and the more unyielding the man of rule the more irritating the attack. The seasoned inspector will listen to reasons and frequently shoulder responsibility for a variation of form; the young one listens but takes no chances.

"Now that you've told me about it," the manager argues, "what's the use writing letters?" "But there's nothing on record otherwise to show I've discovered the error," counters the audit officer.

"And if all these little slips are piled up against us in the correspondence, can't you see that it is going to cheapen the manager in the eyes of the staff? No head office letter of the year is so likely to become public property in the office as the inspection report."

"Maybe!" shrugs the other. "How do you think we're going to train these clerks? You might be thankful the report does not become public property outside the office."

And so it goes.

This article is not pretended as a study of the inspection system and by no means infers that the audit is anything but essential. Insofar as the constant expectancy of an audit (for there is actually no telling the day nor the hour) keeps all toes to the mark, and the result of it clears up laxity and carelessness, the event may well be the luckiest happening of the year. I have had a long experience of it and realize fully that it is indispensable in the matter of locating weaknesses and maintaining the bank on an even keel. Among bankers and business workers generally, a periodical jolting up is necessity No. 1. I have been through inspections that brought me into complete sympathy with the really benevolent wishes of head office and inspired me to work harder and strive with greater loyalty; and I have been through audits that left a depressed feeling that somehow it was a one-sided business, that my petty (and frequently unconscious) crimes were being engraved in the Doomsday Book and all my efforts for progress and economy had been overlooked.

# Saving Your Money on Printing

*By* WILLIAM EVERETT

IT IS not easy to estimate how much the banks of the United States and Canada spend annually for printed matter, but assuming only an average of $1,000 apiece, which seems conservative enough, there is an expenditure of $30,000,000 a year for printing by approximately 30,000 banks.

Now, suppose it is true as some authorities assert, that at least 15 per cent of this amount is wasted because of preventable mistakes and lack of

proper planning and preparation of the copy and layout. This would mean $4,500,000 thrown away by the very institutions that are supposed to stand most firmly for the conservation of resources.

A practical printer makes these money-saving suggestions to bankers:

Edit your copy carefully before sending it to the printer. If several persons have to be consulted about the final form of the booklet, let them see typewritten copy and make all necessary changes on it. Then have copy re-typed before sending it to the printer. You will thus avoid many costly alterations in proofs.

If you allow your printer to buy your engravings, he may charge you from 15 per cent to 25 per cent over cost for his handling. Why not deal direct with the engraver? However, always get the advice of your printer in matters of halftone engraving because he must work with it. Then with his suggestions, get an engraver to make the cuts for you.

Very often a saving of from 10 per cent to 20 per cent can be made in cost of paper if odd sizes of folders, etc., are avoided. This does not mean that unique shapes and folds should never be used, but usually some paper can be found from which the size would cut without waste and allow for the greatest economy in "press lock-up." It is often advisable to choose your paper first. Ask your printer for sample sheets and work from it to your dummy size.

Five different printers were asked to make suggestions which would enable customers to help in cutting down the expenses of their printing. The gist of their replies was:

So far as possible make author's corrections on the copy instead of waiting to make them on the proofs.

Prepare the copy carefully. Furnish it in typewritten form or very clear handwriting.

Make careful layouts and send cuts with the layout. Use the proper number of words for the given space.

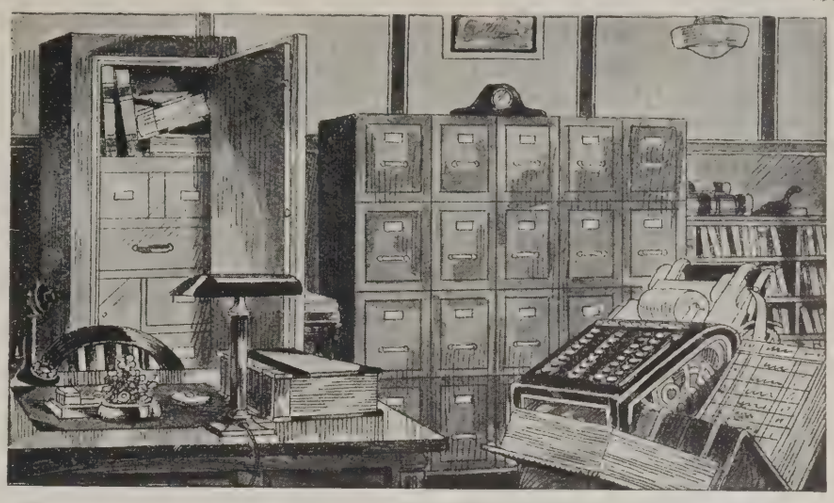
The superintendent of a large printing company has compiled the cost of author's corrections on twenty periodicals published by his concern. The average was 16 per cent of the total composing-room bills for what in most cases were needless changes by the author.

That is, they could just as easily have been made on the copy instead of on the proofs. It is just a matter of good editing in the first place.

In some cases the customer is protected by an advance estimate on a job, but more frequently the item of alterations is one that the buyer of printing must pay for as an extra.

In this connection, another waste that should be considered is that of postage on printed matter that ought to be sent out and isn't.

The first-class postage rate is two cents an ounce. That is $640 a ton, yet it is said that less than half of the possible material is carried because banks and business houses do not use all that they are entitled to. A thousand printed envelope enclosures may be bought for a comparatively small amount. Month by month a different enclosure may be used. If you send out 100 letters a day, you are thus afforded an advertising circulation of 30,000 annually. As a good will producer alone, this seems well worth while.

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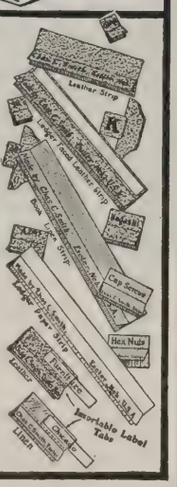
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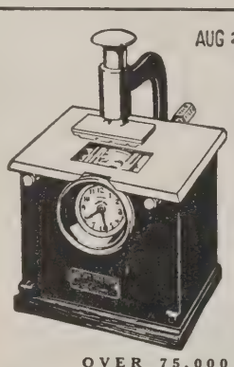
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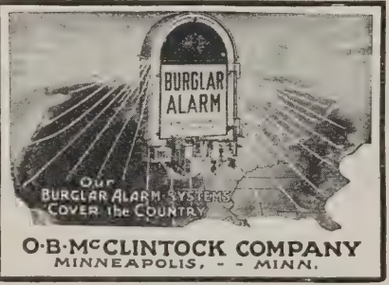
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# Slow and Steady Wins the Race

*By* FRANK L. WENDELL

THE thrifty man is still headed towards success notwithstanding the fact that at least one modern writer does not believe that savings banks promote thrift. This particular iconoclast, O. R. Johnson, happens also to be a statistician of parts, and in a recent magazine article he points out that in the nine years from 1914 to 1923, while the per capita circulation of money in the United States practically doubled, savings bank deposits increased only about 60 per cent. Moreover, he asserts that the growth in deposits in those years was due in large measure to interest credits rather than to deposits.

Like the Civil War dispatch to the *New York Herald*, this is "important if true." Apparently it is not generally believed. The *New York Sun*, for instance, recently published an editorial headed, "A Nation of Savers," based on the compilations of the savings bank division of the American Bankers Association. These figures are of deposits in mutual savings banks, state banks, trust companies, private banks and national banks, but do not include the building and loan associations, which have an aggregate of deposits almost half that of the savings banks.

Savings deposits in 1924, according to those figures, totaled $20,873,562,000, compared with $8,820,192,000 in 1913. "It is true," says the *Sun*, "that the cost of living has advanced in this eleven-year period by about 50 per cent, but as the volume of savings has increased in the same period by about 136 per cent, the purchasing power of present savings is vastly greater than before the war."

More impressive still is the increase in the number of depositors. Less than 15,000,000 in 1913, they number today just slightly under 39,000,000. In other words, whereas in 1913 there was only one savings bank depositor for every seven persons in the population, there is one depositor today for every three persons in the population, or more than one for every family.

The post-election activity in the stock market and the quite general prosperity existing at the present time, in the case of the average individual seem more conducive to thoughts of "getting rich quick" than to the slow but steady accumulation of money by means of systematic saving and investment.

Yet there are many hard-working, steady-going persons who, even in these hectic times, are following the old-fashioned way to wealth which, as "Poor Richard" said, is as plain as the road to market. They are not overlooking the fact that there is no such thing as profit without risk, and that in the stock market today's gain is tomorrow's loss. The sound principle still stands that it is through sane saving and investing and not by wild speculating that permanent fortunes are built up.

Franklin Escher, well-known investment banker, asks this timely question:

"A year from now, two years from now, who'll have the money, the man who is plunging (for the time being perhaps successfully) in this market, or the man who is putting his money safely away at a fair rate of interest?"

In "The Book of Thrift" is a discussion of the earning power of money in which is given a hypothetical case of a young man who set out to obtain income from his savings equal to what he was able to earn by his own efforts. It was to be accomplished by weekly savings of five dollars as a basis. The method was to start a savings account in a bank paying 4 per cent interest, compounded semi-annually. Weekly deposits of five dollars were to be made and whenever the principal and interest equalled or exceeded $1,000, that sum was to be drawn out and invested in a first mortgage security yielding 6 per cent a year, payable semi-annually.

The mortgage interest likewise was to be deposited in the savings account, and every time the balance there reached a thousand dollars the money was to be withdrawn and invested as before.

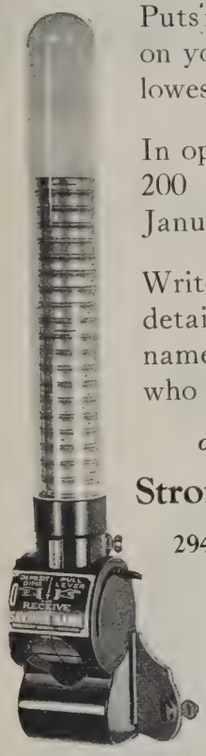
If everything worked out as planned, the young man would attain his object in twenty-eight years. Then he could either stop work and live on the income of his investments or keep on working and saving to make himself even better off.

A year or two ago, a young man in New York worked out a plan whereby he would save $44,000 in thirty-five years. He wrote about it as follows:

"I have a plan for the accumulation of $44,000 in thirty-five years. The money to be put away out of my earnings during the time is only about $12,000. The balance of $32,000 is the money earned by the money. In five years after the completion of my plan the total income received will be more than all the money saved for thirty-five years, and, of course, I will still have the principal of $44,000! This sounds like a fairy tale, yet it can easily be verified by actual computation. If people generally appreciated the earning power of money there would be more sound investment and less wild speculation.

"My plan, briefly, is to deposit in a

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savings bank $2 each week for the first year, $3 a week the second year, etc., increasing the weekly deposits by $1 each year up to a maximum of $15 a week, and then to decrease the weekly deposits by $1 each year, saving only $1 a week during the last five years. These savings bank deposits are to be drawn out in multiples of $100 and invested in safe bonds yielding about 6 per cent, the bond interest being deposited in addition to the regular weekly deposits. This is the vital part of the whole plan.

"This plan has two excellent features. First, it provides for an increase in savings as my earning power increases, and for a corresponding decrease in savings as my earning power wanes. Second, at no time is the plan so burdensome as to require excessive and foolish self-denial, which might necessitate the abandonment of the plan altogether. And yet the plan is sufficient to insure for me a modest income in my old age.

"To protect those dependent on me against the frustration of this plan through my early death, I carry in addition an ordinary life insurance policy of $10,000. I selected this kind of insurance because for me protection and not savings is the most important feature."

This plan was submitted to an expert in such matters who gave his opinion regarding it:

"This plan is most interesting and possesses elemental merit in that it is based on systematic savings. The system is good up to the point providing for the continuous investment in safe bonds yielding about 6 per cent. I believe that you are assuming too much when you take it for granted that you will be able to obtain the proper grade of securities on this yield basis over a period of thirty-five years. Doubt about your ability to adhere to the proper standard of investment should by no means cause you to abandon the plan *in toto*, but I believe it would be to your advantage to modify it.

"This modification would entail the abandoning the goal set, $44,000, and giving a place of first consideration to the class of securities selected, without regard to the rate of return. The substitution of a variable goal for a definite one would not in any sense weaken the will to adhere to your schedule of savings.

"Undoubtedly there will be times when you will be able to buy bonds on the basis of 6 per cent or slightly better, bonds that are now in the general class represented by a 5½ per cent yield. If care is exercised in the selection of bonds of this class, I believe that they will serve your purpose.

"But I cannot emphasize too strongly

(Continued on page 56)





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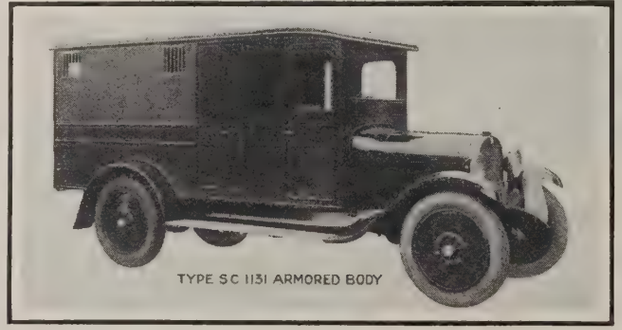
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(Continued from page 53)

the necessity for taking only good securities, for the loss of income, or, more especially, the loss of any part of your conscientiously saved funds, might easily weaken your morale at a critical time in the execution of this plan. If you adopt an invariable rate of return on original investments you must of necessity accept a grade of securities that will be variable."

It is one of the duties of the modern banker to give good advice to ambitious persons such as this young man. It is really a privilege for it is young men of this type who eventually become the bank's most valuable customers and the community's best citizens.

## In Troy, "They Cannot Start Too Soon"

(Continued from page 26)

general plan in operation in the schools of Troy, are given periodical talks on the value and necessity of thrift and also are enrolled as members of savings clubs conducted by the school authorities in their respective classrooms. The Manufacturers National Bank cooperates with the local board of education in the promotion of thrift among children, by distributing dime savers and small banks in which the children can keep their savings until such time as the amount accumulated warrants a visit to the bank to deposit it in a special interest account.

Many of the accounts in the juvenile special interest department were started by relatives or friends for children immediately after their birth and as soon as the children are old enough to look after their own deposits the accounts are transferred to the youngsters and they are urged to continue to bank something regularly.

Of course this feature of the bank's service is stressed from time to time in its newspaper advertising and as another means of encouraging the opening of special interest accounts for children at the earliest possible time, every new mother in Troy and vicinity is sent a Baby Book with the bank's compliments. These books, attractively printed and bound provide special spaces for important data concerning the babies for whom they are sent, contain brief thrift lessons for the parents regarding the advantages of starting a bank account to take care of the child's future needs, and especially its education.

The bank also conducts Christmas and Special Purpose Clubs in which many youngsters as well as grownups are enrolled. These clubs are patronized by customers desiring to accumulate funds for a specific purpose where the period of saving contemplated does not exceed one year.



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# The Burroughs Clearing House

JUNE · 1925 54,400 COPIES



THE BANKING ROOM OF THE NATIONAL PARK BANK, NEW YORK

IN THIS ISSUE

PROGRESS IN EUROPE; "LIFE" FOR BANDITS
TWENTY HUGE MERGERS IN NEW YORK CITY

# "Individualizes" Your Advertising —



## 10 Advantages Your Bank Needs

1—**This "Central File"**
—gives a complete record of every bank patron and prospective patron. Shows which departments he is patronizing and others he should patronize.

2—**Reduces Filing Errors**
—and saves clerks for other important work.

3—**Saves Duplicate Files**
—duplicate floor space and duplicate equipment now necessary.

4—**Both Sides of Card Used**
—compact, long-life records.

5—**Always Prints the Same**
—transcribing errors entirely eliminated.

6—**Tabs in 12 Colors**
—in 24 positions on address plate indicate special services in which patron is interested.

7—**Points Out Patrons**
—most likely to be interested in certain bank services, like bonds, insurance, trust, etc.

8—**Made Right in Your Office**
—by anybody with a Graphotype which is rented or sold.

9—**15 Times Faster Than Hands**
—FREE trial proves it!

10—**Metal Plates Survive**
—fires, floods, quakes.




*General Offices:*
908 W. Van Buren St., Chicago

## *The Editor's Indorsement*

OUR friend and critic, Bill, ordinarily a shrewd observer from the sidelines, says he is obliged to infer from random publicity coming to his notice that a great many banks are self-styled towers of strength for weak and vacillating humanity to cling to if they come with clean hands. Bill has a trying habit of taking in too much territory with a single observation. Though we were conscious that he was playing us for a rise, we rose superbly and bristled a bit.

Pinning him down, we see pretty clearly that his evidence was one isolated instance which didn't justify his criticism of a "great many" banks on that specific score.

Certainly few banks are consciously paternalistic, and yet it must be an extremely difficult thing for the advertising man to keep looking at the bank continuously from the outside and selling his bank's service strictly from the customer's viewpoint. He knows that his executives are there to "say no" whenever there may be the slightest cause for doubt. And it wouldn't be at all strange if a doubt or two occasionally slipped by undetected—with unpleasant consequences. The only unanswerable argument to our friend Bill, and one that can never be used too often, is that the bank is dealing with other people's money, is entrusted with a first duty to depositors and is responsible to them. It convinces even Bill.

FORTUNATELY not all the news from Europe is disheartening, although a great deal of it would seem so on the surface—trouble again in the Balkans, Russia rearing, France approaching a financial crisis, Hindenberg at the helm in Germany. Reconstruction moves steadily forward, so Mr. Gehle of the Mechanics & Metals National Bank, of New York, tells us in this issue—"Reconstruction Progress in Europe," page 5. Progress has been most marked in Germany and England. The universal bitterness of a few short years ago in the aftermath of war has been superseded almost entirely by a sane and just outlook, consideration for nations that have had unbelievably severe tests to endure. His story is a rather remarkable comparison of conditions as he observed them himself a few months ago, with conditions in 1922 also reported at the time in this magazine.

AT the risk of reviving the age-old controversy of how far the bank may go in aiding its depositors to invest, we are running this month the happy experience reported by Philip H. Jewett, of one man whose bank guided and financed him in the acquisition of seasoned stocks and bonds—so wisely that it has placed him firmly on the road to independence. The hook in it is that the bank is unwilling to broadcast an identical service to all comers. There are pitfalls in extension of investment service which the bank very logically explains but the original beneficiary, the hero of the piece, does not concur in most of the bank's arguments. Who shall say that the bank's position is not well taken? Some one should step forward with plans and specifications for a middle ground.

IN this age of consolidation to provide the machinery for handling tremendous expansions of business and at the same time to conduct business more efficiently, the bank consolidations in New York City, reviewed by Mr. De Young in this issue, offer a most interesting study. Accompanying his survey is a detailed statistical tabulation of the twenty big mergers in New York in the past twenty years, showing the banks involved in each, their combined capital, surplus and undivided profits, deposits (at the end of 1924), market price of shares February 18, 1925, book value, earnings and number of branches. There have been three fundamental reasons for these consolidations: A desire on the part of national banks to acquire branches and trust departments; the hope of doing a larger business with a proportionately lower overhead; and an ambition to render better service to customers by means of larger capital resources and the distribution of important bank services through various branch systems. The first and third of these, the author concludes, have been very satisfactorily realized already. On the second point, however—that of more economical operation—the doctors disagree. In some cases, the consolidations are too new to permit fair analysis of results. Time will no doubt answer it definitely on the side of economy. Consolidation for economy and service is the inevitable tendency of all business.

IF YOU'VE ever joined in line with your commercial depositors in front of the Statement Window the first day of the month, you will be doubly interested in Mr. Wright's account of the system of distribution of statements at the Rhode Island Hospital Trust Company in Providence (page 10). The bank delivers the statement and cancelled vouchers, and the customer reconciles and receipts for the statement—forms for both on the statement, the receipt detachable—virtually in one operation at specially built tables set up temporarily in the lobby.

THE accounts of how the American Security & Trust Company, of Washington, D. C., capitalizes its interest periods and how the Citizens National Bank of Los Angeles maintains continuous record of its new business contests, deserve special indorsements because of their novelty. H S


# The Burroughs Clearing House

HERBERT SHRYER
*Editor*

C. D. MACGREGOR
*Business Manager*

JUNE, 1925
VOL. 9 NO. 9


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# Meeting Competition on Savings Accounts

*"Through purchase of Real Estate Bonds it is possible to practice thrift at liberal rates of interest, which give the banker who handles these bonds a distinct advantage over his competitor who can offer only the usual interest rate on savings deposits."*—Bankers Home Magazine.

Is the average savings account on your books smaller than it should be? Do your customers save for a while and then quit? Are they lured by unsound investments? Are you troubled with competition?

Tell your customers to Save With A Purpose. Give them something definite to save for—and watch results!

Banks have found it good business to supply their customers with Miller First Mortgage Bonds. The record of Miller Bonds—never a dollar's loss to any investor—is a good record for a bank to be associated with.

May we send you a folder on the Four Distinguishing Marks of Miller Bonds?

## G. L. MILLER & CO.

INCORPORATED

30 EAST 42ND STREET, NEW YORK

ATLANTA BUFFALO ST. LOUIS PITTSBURGH SYMBOL OF SAFETY MILLER BONDS PHILADELPHIA CHICAGO MEMPHIS KNOXVILLE

NO INVESTOR EVER LOST A DOLLAR IN

## MILLER *FIRST MORTGAGE* BONDS

Vol. 9, No. 9 — The Burroughs Clearing House — June, 1925

# Europe's Reconstruction Progress

## The Nations Enter a New Phase in Which They Must Build a Firm Foundation for the Prosperity They Hope to Rear

*By* FREDERICK W. GEHLE
Vice-president, Mechanics & Metals National Bank, New York

*Photos by Ewing Galloway*

RETURNING from a trip to Europe three years ago, I was asked by the editor of *The Burroughs Clearing House* to write an article on the financial and credit conditions of that continent—an article of facts that would give a clear-cut picture of the course of post-war reconstruction. Returning from another trip, a few months ago, I glanced over the article I prepared in response to that invitation, and found that what was written had become ancient history—so ancient, indeed, that the facts recorded had become as out of date as if they had been set down sixty years ago, after the close of our Civil War.

I wonder what the facts here set down will read like a little while hence. The world's post-war history is being written with such a rapid pen, and events follow one another in such quick succession that, looking back only a little way, one finds the aspect of affairs wholly changed by events that prior to their occurrence were wholly unforeseen. It is only six years since the Treaty of Versailles was signed, yet the world's business relations have vastly changed. It is only four years since the failure of the famous Genoa conference; it is not much more than two years since the French occupation of the Ruhr; it is a little more than one year since international credit relations were all awry.

Transition is the word that describes the period through which Europe is passing, but up to a year ago that transition was in the wrong direction. Indeed, one is justified in setting down April 9, 1924, as the date when post-war distraction in Europe definitely gave way to post-war peace, for it was on that date that the committee of experts known as the Dawes Commission made public the report in which it outlined the structure of a plan, afterward agreed to by the nations involved, whereby stability and progress might be restored to the finances of Europe. Up to the publication of that report, in spite of eighteen international conferences at which the re-establishment of order was sought, the practical affairs of Europe were pretty well adrift, with political force and military power seeking to dictate the course of progress and making a very poor job of it. Upon the publication of the report, and in the assurance of its adoption, the practical affairs of Europe were given a definite direction under a new dictatorship—that of sound business sense—and subsequently the nations of Europe have steered their course with a new chart, and without the vacillations and uncertainties of the past. Victors and vanquished alike have come to an agreement on definite economic policies and have accepted at last the fact which previously they had sought to deny; namely, that to rebuild what had been torn down they must conciliate hostile purposes and work together as human beings who are living together in the same world and as creatures of the same neighborhood.



MOST of the nations have a long way to go before real prosperity returns to them. Nevertheless, they register contrasts which mark definite progress in their affairs. Until recently the feelings abroad were so bitter that they stood squarely in the way of recovery. Today recovery is actually under way. Changes for the better have been effective, and difficult situations have approached nearer than before to a point of settlement, while employment has increased, state budgets are being balanced, debt obligations are being funded, and people generally are working back to a more nearly normal status. This course of events shows that firm leadership has supplied what most was needed in Europe—co-operation and conciliation, and a sane balance between courage and prudence.

Anyone who has been abroad recently will attest to the change that has occurred; one now encounters only infrequently the hot resentment and bitter hatred





German grain field, Westphalia; and (in the oval) a big German potash mine—a new syndicate has been formed to handle the entire German output of potash for North America

against former enemies that three and even two years ago gave so much concern regarding the continuing peace of Europe. The people of all the other nations together have come to understand that some measure of good will as well as co-operation is required to determine their general economic and political destiny, and they are moving forward in the light of that understanding. Not that I would have it understood from this statement that France has forgiven or forgotten the past, or that Germany loves its neighbors more than before. The conciliation of purposes has been a matter of business rather than politics or sentiment; the war scars are still deep, and will need much more than has occurred for their healing. But the hardships of late years have been severe, and now it is accepted as a principle that the individual ambitions of single nations are incompatible with general stabilization. The single fact that the Dawes Plan is really working is proof of the wide return of political and economic sanity to a region lately distracted by misunderstandings and hatreds.

More than anything else the people of the different nations are seeking to restore themselves to their feet financially and commercially. And so in the progress of the recent past is seen the benefit of the practice of co-operation, while in the common agreement regarding reconstruction is seen the healing effect of sanity and fairminded judgment in the guidance of affairs. As a matter of fact, though every practical problem of Europe today resolves itself into one of production and credit, it takes its way toward a financial solution only as it rids itself of the passions and misunderstandings of the past.

TOO much emphasis cannot be laid upon the fact that the most disastrous forces which operated against Europe's rebuilding from 1919 forward were prejudice, suspicion and fear, all fostered by bad political judgment. And when that is recognized, it can be seen why the most helpful forces are now proving to be co-operation, confidence and understanding, fostered by business judgment. Trade and finance collapsed under the plans that were put into effect immediately after peace was signed, whereby the victors in the war sought at once to gather the fruits of victory, looking for the vanquished to bear the full burden of the war's cost. I recall very distinctly the discussions which were carried on in 1919, when people exclaimed, with reference to the $32,000,000,000 assessed against the Germans, "These people are rich. They can pay." And I recall how far Lloyd George supported the popular clamor by announcing for the Allies that Germany was to make war reparations "to the last farthing," and by proclaiming that the defeated culprit of the war was to settle the damage "shilling for shilling and ton for ton."

It sounds a bit trite to say that the world's mind has been pretty well



On the left: Modern Rome; and (below) re-building roads in a devastated region of Northern France





made over on economics, yet that is an unavoidable statement of fact, and what it means is that civilized nations, having passed together through the agony of the war and the suffering of the post-war period, are together entering upon another period that is entirely new. One overwhelming difficulty in bringing order out of Europe's chaos was the delusion that victory meant release from the war's costs for the victors. How views have changed with respect to this! Today it is seen that the reparations settlement, like every other credit problem, is a matter not of sentiment but of scientific economics, and men abroad accept today doctrines that they passionately denied a few years ago. They no longer seek to escape the fact of the economic relationships of the different countries; they acknowledge at last that these are so intimate that countries cannot prosper without coming to close agreement in their business relationships.

It is well to repeat that the period through which we are living is one of transition; it would be altogether too optimistic to say that current events spell the correction of every evil that beset Europe as a penalty of the war and the post-war mistakes. The consequences of those mistakes still stand starkly before every nation responsible for them. Still, what has come about has been a restoration of a large measure of stability, and one today can say confidently what he could not have said up to a little while ago, that catastrophe has been avoided, and that production and economy are the watchwords in every country, save perhaps Russia. Germany, whose finances were so completely shattered that in December, 1923, its old currency was wiped out and a new currency adopted (the old money being converted into new money at the rate of a trillion old marks for one new mark) has now a stable banking and currency system, and is steadily increasing its production. France, though the odds are heavily against her because of debt burdens, currency difficulties and other heavy war legacies, is seeking firm ground. Great Britain is making notable efforts to establish its industry and trade, with a prospect that before the end of 1925 there may be accomplished the full restoration of its currency to a gold basis. These facts spell progress. They reflect restored stability. They mark the beginning of a new era.



The Antwerp canal, Belgium. In the oval, the spinning room of a big hosiery factory, Leicester



EVERY large problem abroad resolves itself into one of credit, and what now is required for the full restoration of credit facilities is a definite balancing of government expenses with income, a reduction of paper currency, a funding of unfunded debts and a restoration of the gold base to the money of every country. In accomplishing these things the financial leaders of Europe face a task that is gigantic, but not insurmountable. It is not yet possible to say how the prodigious

(Continued on page 36)



The harbor of Naples, notable industrially for textiles, glove manufacture, shipyards, etc. Below: Cotton transport to the warehouse in Manchester. On the left: German women aristocrats in the field





# "Ain't That Right?"

by FRED COPELAND




"WELL, I see us girls are goin' to hold our annual summer levee over in Sumac Gulch, as usual."

Director Clutchbill tossed a postal card on the table beside him and swung his nose slowly around on Cashier John Atwood who was checking through a mat of checks received in the morning mail.

"Yes, I got a card from the bankers' association, too," admitted John, holding down an item with his pencil and rolling a glazed eye away from the yellow list on his desk.

"It don't say nothin' about bringin' your own cup, like it used to," mused Mr. Clutchbill. "I can't see why they keep holdin' it over in Sumac Gulch . . . . we've had prohibition since 1918. 'Twa'n't safe before that, though. I recollect the last time I went, Deacon Miller, our heaviest stockholder, showed up and I had to git mine over back of a lilac bush. 'Twas humiliatin', I tell yuh! Some things ought to been corrected at that meetin'."

"Think I ought to represent the Ferndale National at the gathering this year?" modestly inquired John.

"You can write this feller that sent these cards that we'll both be there and bring our own firecrackers," uttered Mr. Clutchbill promptly. "I feel warlike this summer. Bankin' has got to change in this state. Look at them!" Mr. Clutchbill pointed to the lofty pile of checks on John's desk. "Everybody that can tip a pencil up endways tries to run a check account. They protect themselves in the city, so I hear, by charging a monthly fee . . . . . we've got to do it in this state or we'll keep on bein' swamped. It's gettin' so you can't tell a good check from a bad one unless you've got the bank ledger under your arm."

"They'll all jump on your neck," warned John. "You'll find they'll all want to run a check account on a dollar balance hoping it will run into a big account some day."

"Run into a big polecat," stormed Director Clutchbill. "I tell yuh I'm goin', and I'm goin' to start a common war!"

"I'll carry you over to Sumac Gulch right in my roadster," offered John, "and I'll have her running smooth and park her headed toward home in case we have to leave sudden after your speech."

Sumac Gulch, where Director Clutchbill was destined to lock horns with a thin, large-nosed, newly-made vice-president, was in a way peculiar. The Gulch lay in a deep pass in the mountains. In ancient days a rambling summer hotel had been built there which had spasmodically tried to kick itself into life. Not succeeding, it had pulled its vacant shadows about it and crouched down with gaping windows like a grinning, toothless fort. Its chief attractions were a cold spring and cool air on a red hot day. For this reason and the fact it was near the center of the state, it had become the picnic ground for the summer meeting of the state's bankers. In its great dining room the luncheon and business meeting could be held on the hottest day of the year with a full and contented attendance.

And it was toward this wild highland glen Director Clutchbill and Cashier John Atwood were boiling along in John's car on the sizzling summer day that had been named for the meeting of the clans. As they sped along in the valley roads toward the mountain pass Mr. Clutchbill's thin grey beard split at its nether apex, tilted backward under his ear tabs, and twinkled out behind them like a double exhaust. Had anyone handed Mr. Clutchbill a sucker spear and told him to stand up he would have given Father Neptune a stiff battle for a three-quarter length portrait. The heat of the sun warmed the old gentleman's mental works like a goblet of dandelion wine, and he warbled to John with the glibness of a man of thirty years. Possibly the ghostly fingers of fickle fate had distilled this needful tonic for Director Clutchbill. Anyhow, he was to lock bayonettes with a shifty rattan-and-cat-gut rival.

ARRIVED at the tilting ground, Mr. Clutchbill and John parked their chariot beside the long row on what had been the chateau lawn. They got out and hitched up their pants and stretched with slow, elaborate motions as is common when esquires wish to gain time to survey the groups before joining the gathering on a piazza. Director Clutchbill pulled his battered panama rakishly over one eye and followed by John passed in a series of handshakes to the piazza and thence to a table within the ancient edifice where each registered for the Ferndale National and received his souvenir badge; 3 dollar-sign gules on genuine celloid field asure with gasket d'or supporter and asure ribbon pendelum avec motto argent, "They lived as long as they could."

After Mr. Clutchbill and John got their two-for-fifteens burning, they lodged their hands — thumbs exposed —

in their hip pockets and joined the drift from one group to another.

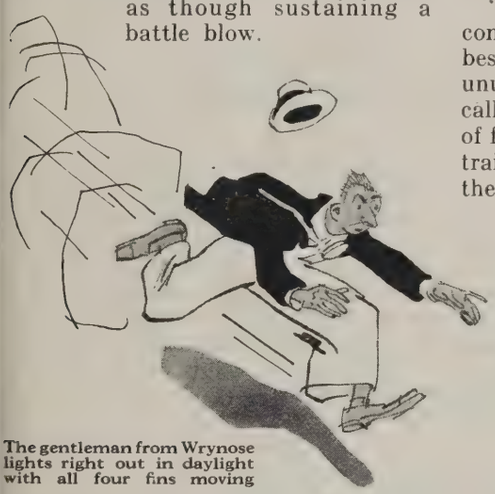
Director Clutchbill began selling his idea at once. He invaded group after group and hung the epitome of wisdom on them. "We've got to git together and make a service charge of fifty cents a month on accounts under $200," he explained.

There was considerable whisker preening at this announcement. And in one group a brother was seen to nudge a brother. The twain left and returned in five minutes with a third brother, a thin, large-nosed, newly-made vice-president of a bank as far to the west as Director Clutchbill's bank was to the east. It developed that their ideas were also at opposite points of the compass.

"This is brother Felix Holland, the new vice-president of the Wrynose Trust Company, Mr. Clutchbill," said one of the attending henchmen. "He also comes with a message."

"Pleezed ter meet yuh," nasaled the thin, large-nosed vice-president. "What we want in our banks is more accounts. Ain't that right?"

Mr. Clutchbill's whiskers trembled as though sustaining a battle blow.



The gentleman from Wrynose lights right out in daylight with all four fins moving

"We've got to keep the money in the state. Ain't that right?"

"I didn't git yore name, brother. Was it Benjamin Franklin?" asked Mr. Clutchbill with anxious eyes.

"Holland . . . Felix Holland, of Wrynose."

"Holland . . . Holland—yes, yes," tooted Mr. Clutchbill, nodding vigorously.

The group which had gathered, quickly shifted cigars and legs.

"Some one has misinformed yuh, I can see," explained the old director with magnificent decorum. "Some one has misinformed yuh. That's too bad."

"Huh? Don't we want a state-wide advertising campaign for accounts? The little ones . . . they make the big ones. Ain't that right?"

"That's a considerable of a sportin' proposition in the minds of 99 per cent of the brothers in North America," horned Mr. Clutchbill. "Are you a native, Mr. Holland? You belong in the 'States,' don't yuh?"

The thin, big-nosed vice-president eyed Director Clutchbill. He snorted and shook his little mane. Was it possible his dignity was being tinkered with? "We'll see where I'm from in business meetin'," he scowled as he trotted out of the warlike atmosphere.

Director Clutchbill took John by the arm and led him aside.

"This hostile from Wrynose mustn't ever be allowed to sit five minutes in the business meetin' after the feed. There's somethin' rattlin' in my brain. I think I'll go and sit in the car a spell and wrassel with it. You visit with the young folks and see what information you can pick up about this modern Moses from Wrynose. Everybody's got a rib loose somewhere . . . see if you can locate where his is sprung."

WHILE Mr. Clutchbill was plotting murder in John's car during the hour before lunch, John gradually gathered in Mr. Felix Holland's field experience and ground training.

"This feller, Holland," John reported, coming back and getting into the car beside Director Clutchbill, "is really an unusual man. In a way he's what they call a 'jumper.' Maybe you've heard of folks that'll jump right off a moving train if you yell 'jump' suddenly. Well, they claim this feller, Felix Holland, will do the same thing if you holler 'money.' "

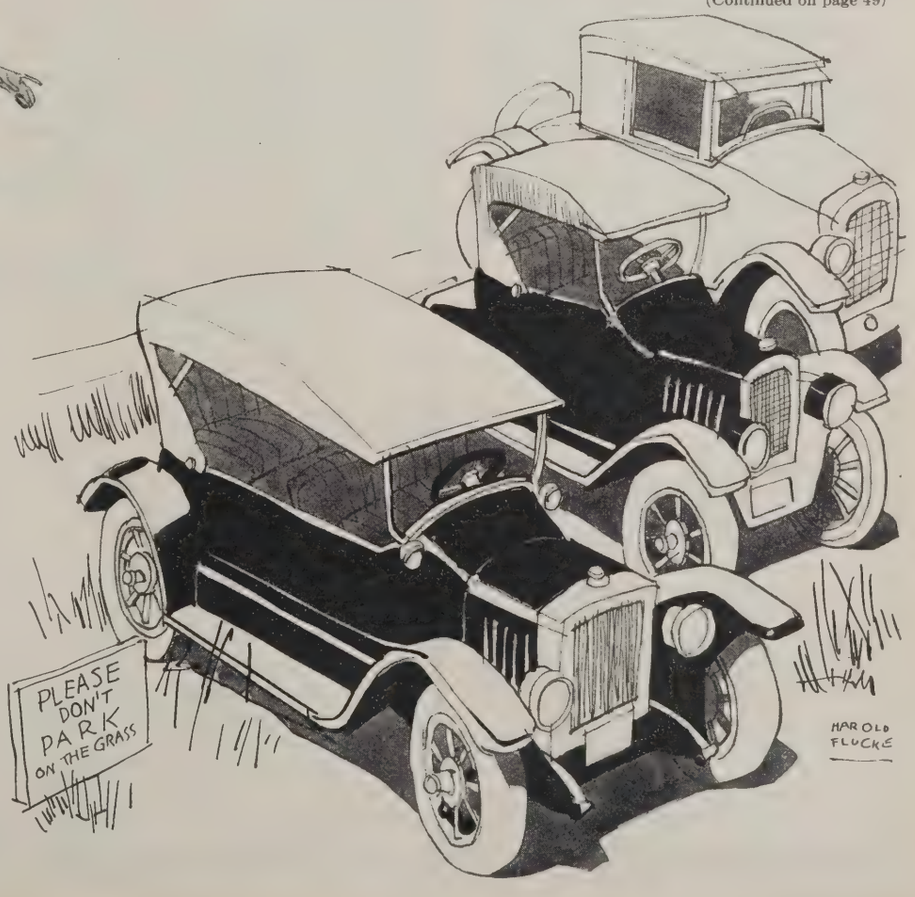
"Yea, I've known plenty sich," stated Mr. Clutchbill. "There's lots of people back home that'll do the same, only they wait till it gits dark. You say this feller just naturally lights right out in daylight with all four fins moving?"

"Yes, sir, there's a feller lives over that way that says it's an absolute fact."

"Now ain't it comical how that bit of information puts wheels on my war chariot! I shan't reveal it . . . it's too delicate. It's got to be handled as careful as a mink in a hen house. I wish you'd look up that feller with the white pants that's runnin' things. He claims I'm the oldest brother here, and he wants me to sit at the head table next to him to honor the gathering. Tell him it's taken me an onusual amount of time to come to a decision as I am naturally a timid man, but I've at last made up my mind to swallow my modesty along with the potato salad and venture it."

John felt that splendid tingling sensation in his stomach which is common in a swift north bound elevator and which is also common just before something unseen is about to be shook out of a bag. He scrambled out of the car and ran down the white-panted master of ceremonies in two minutes. In another minute it had been arranged for Director Clutchbill to warm the

(Continued on page 49)





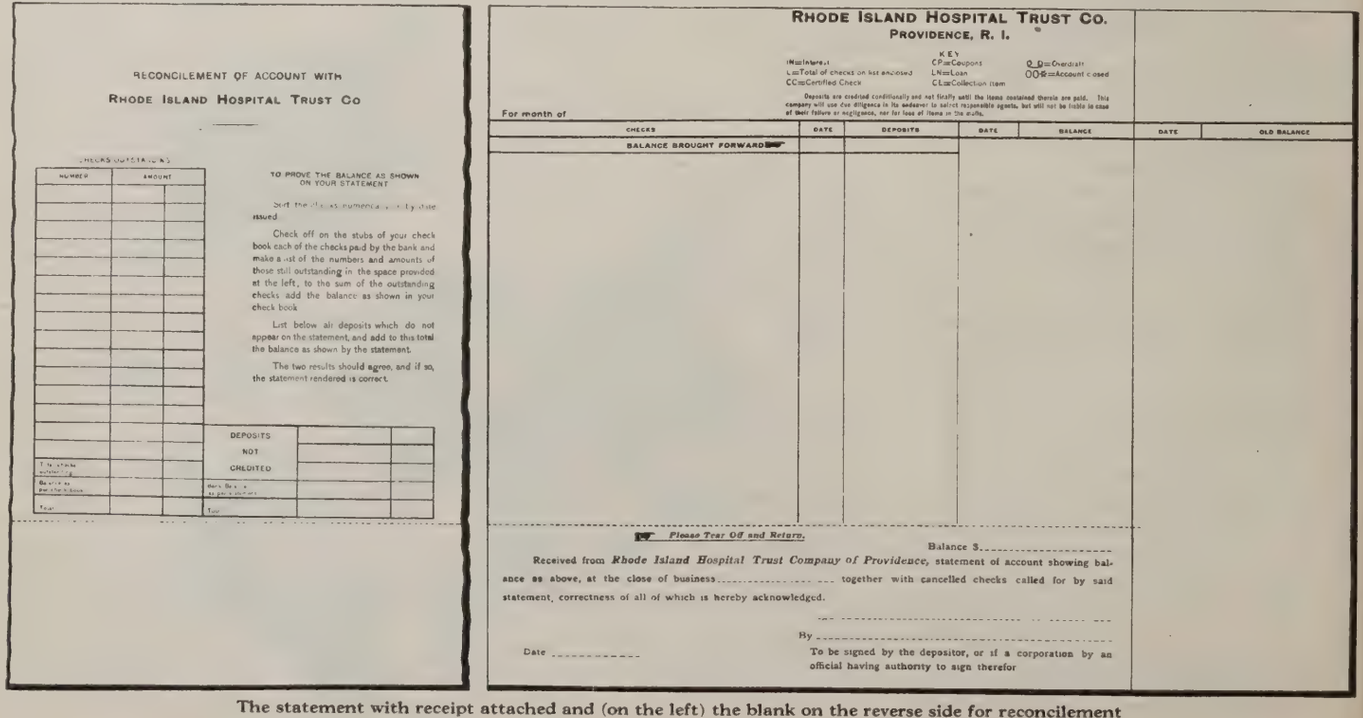
# Speeding Statement Distribution

## Delivery, Reconcilement and Receipting by the Customer in One Operation at Special Tables Set Up in the Lobby

*By* ALLAN F. WRIGHT

FOR the greater accommodation and convenience of their many hundreds of patrons and to do away with the necessity of standing in line at the statement window on the first day of each month, the Rhode Island Hospital Trust Company, of Providence, R. I., now distributes statements from the center of one end of their banking lobby, putting on a corps of clerks sufficient to avoid a moment's delay.

The statement desks or tables are specially built, of medium width and length and are placed in the form of a hollow square or rectangle with room inside for enough clerks to pass out statements and keep no one waiting. Each table is marked with the key letters of the alphabetical list of names it contains so that a customer can tell at a glance just where he will find his



RECONCILEMENT OF ACCOUNT WITH
RHODE ISLAND HOSPITAL TRUST CO

CHECKS OUTSTANDING

| NUMBER | AMOUNT | |
|---|---|---|
| | | |

TO PROVE THE BALANCE AS SHOWN ON YOUR STATEMENT

Sort the checks numerically by date issued.

Check off on the stubs of your check book each of the checks paid by the bank and make a list of the numbers and amounts of those still outstanding in the space provided at the left, to the sum of the outstanding checks add the balance as shown in your check book.

List below all deposits which do not appear on the statement, and add to this total the balance as shown by the statement.

The two results should agree, and if so, the statement rendered is correct.

| DEPOSITS NOT CREDITED | | |
|---|---|---|
| | | |

RHODE ISLAND HOSPITAL TRUST CO.
PROVIDENCE, R. I.

KEY
I=Interest — CP=Coupons — O-D=Overdraft
T=Total of checks on last enclosed — L=Loan — OC=Account closed
CC=Certified Check — CI=Collection Item

Deposits are credited conditionally and not finally settled the items contained therein are paid. This company will use due diligence in its endeavor to select responsible agents, but will not be liable in case of their failure or negligence, nor for loss of items in the mails.

For month of

| CHECKS | DATE | DEPOSITS | DATE | BALANCE | DATE | OLD BALANCE |
|---|---|---|---|---|---|---|
| BALANCE BROUGHT FORWARD | | | | | | |

☞ *Please Tear Off and Return.*

Balance $.....

Received from *Rhode Island Hospital Trust Company of Providence*, statement of account showing balance as above, at the close of business ..... together with cancelled checks called for by said statement, correctness of all of which is hereby acknowledged.

By .....

Date .....

To be signed by the depositor, or if a corporation by an official having authority to sign therefor

**The statement with receipt attached and (on the left) the blank on the reverse side for reconcilement**

own statement. The greater dispatch and accuracy of this method of distribution seem to appeal to the customers. The temporary location of the statement files in the banking lobby serves as a reminder that it is the first day of the month—the time when depositors should procure their statements and cancelled vouchers and reconcile them with individual records.

In speaking of the plan, John H. Wells, vice-president of the Rhode Island Hospital Trust Company, says: "The counter at which we planned to distribute monthly statements, when our bank building was erected a few years ago, soon became entirely inadequate so we decided to try the plan of placing tables at one end of our lobby space in order to serve our customers more rapidly. We have tried this plan for several months and it has worked very satisfactorily."

The monthly statements issued by the trust company are of simple form and itemized in such a way that they may be very easily balanced with the depositor's check book and pass book. A receipt is attached to the bottom of the statement signifying that the customer has received the cancelled checks and certifies to the correctness of the balance as stated and this is to be detached and returned to the statement clerk as soon as verified. On the back of the statement is printed a reconcilement blank for the customer's use in checking up his account. At the left is a column marked "Checks Outstanding" and at the right is a column marked "Deposits Not Credited." Explicit instructions on how to prove the balance as shown by the statement also appear on the reconcilement blank. A depositor may perform in just a few minutes the whole operation of obtaining, reconciling and receipting for his statement.

# Regarding the Problem of Publicity

*By* CLARK G. MITCHELL
Vice-president, Denver National Bank

PUBLICITY in its largest sense is of paramount importance. It is the mouthpiece of the institution it represents, and sometimes it is the only thing that is ever known about the product or the institution. The subject is of mutual interest to the producer or bank customer, and to the community, and therefore the growth of the bank. A bank is in the enviable position of not being able to do anything for its customers in the way of advertising without benefiting itself. The good that they derive either from our advice, our services, or our community advertising, will sooner or later be directly reflected in our bank's statement of deposits.

It is an absolute fact that bank publicity not only builds the institution but also educates the community to "thrift" and financial prosperity. For this reason a bank's publicity program should be properly guided, and should be developed along systematic and well-proportioned lines.

The problem of bank advertising is a peculiar one, inasmuch as the good bank has nothing to offer in the way of accommodations or services that is not offered by every other good bank. The word "service" has been worn threadbare, until people are tired of hearing the banker talk about his operations as "service." A bank account cannot be flavored any more distinctively, nor colored more attractively, nor packed more daintily, in one bank than it can in another, nor can we offer inducements for business that are not offered by any other conservative institution. Banks have plenty of reasons for wanting accounts, but have mighty few reasons for inducing the other fellow to open his account with a particular bank. Nor has a bank any particular time appeal that will cause a man to start business with it before it is too late. The only method that the writer has seen that closes the sale of a bank's services before some specified time, without advancing credit which is not obtainable elsewhere, is the employees contest, or the new account that is a compliment to an anniversary day.

Much of the bank's publicity is of an indirect nature. Its advertising must educate the community; it must build the community through conserving its resources. If a bank stimulates "thrift," it advertises its savings or investment department. Banks would be worth-while institutions if they did nothing more than prevent the sale of fraudulent securities to their depositors. The bank can advertise the success of its customers, and can speak with pride about this or that great industry. It can defend its customers and their businesses from unreasonable or radical attacks, and in this way obtain their everlasting good will. As these customers or prospective depositors become successful and their businesses grow, it naturally follows that the bank will share in their prosperity.

THE writer has found by rather exhaustive investigation that banks differ greatly in their viewpoint of advertising. One of the finest institutions in the country does not advertise in any way, other than the publication of its statement. Another institution of almost equal size, with deposits of more than $200,000,000, spends one-fourth of a million dollars annually on its publicity and new business program. The second bank, however, is one that has many thousands of individual customers, and a bank that stands out in the whole United States as a fine, progressive institution. There is no doubt in the writer's mind but that this latter bank, which thoroughly believes in publicity, will outstrip the other institution, although the former is located in a larger eastern city.

This viewpoint is substantiated by a story of Mark Twain when he was working on a Missouri newspaper. A superstitious subscriber had written in saying he had found a spider in his paper, and asked whether that was a sign of good or bad luck. Mark Twain answered, "Old Subscriber: Finding a spider in your paper was neither good nor bad luck for *you*. The spider was merely looking over your paper to see which merchant is not advertising, so that he can go to that store, spin his web across the door and live a life of undisturbed peace ever afterwards."

There are such striking examples in the industrial field of the results of advertising, that it seems beyond doubt that the bank that advertises in the proper way will far outstrip the one that maintains a dignified silence.

Some of you readers, perhaps, are old enough to remember a mouthwash known as "Rubifoam." There was a time when one thought of this mouthwash almost as often as he thought of his teeth. It had a wonderful start, and its sales were tremendous. All of this was due to a great deal of advertising in the magazines and newspapers. Its smiling girl with her pearly teeth was almost as famous as Mary Pickford. The business was a great success until one day its owners determined to save the money being spent on advertising. "Rubifoam" became a back number almost as soon as its publicity stopped.

"Chesterfield" cigarettes would, no doubt, be forgotten if the name was not kept constantly before you. There was a time when "Pearline" held the stage as a washing powder. Its popularity was based on a half a million dollars' expenditure for advertising per year. Its advertising was discontinued in 1907, and in 1915, the writer understands, the business was sold for $12,000. The "Gillette" razor, although its original patents expired two years ago, is still as popular and as profitable as ever. Advertising gave this company the right to its name, which is worth

(Continued on page 46)

# New York's Bank Consolidations

## Why Nearly Fourscore of Institutions Have Been Merged Into One Score in a Little More Than a Score of Years

*By* DIRK P. DE YOUNG

GREAT is the banking power of New York City, which serves a population of 8,000,000 locally, 110,000,000 nationally, and all the millions of the world elsewhere. Whether we like it or not, Gotham *is* the financial center of America, if not of the world. And whether or not this great banking group is responsible for its own greatness or is the result of the greatness of New York City, the country at large, or the world still larger, is about as easy to answer as the question of which came first—the hen or the egg.

Great, too, are the mergers, consolidations, absorptions, or whatever name they give them, which have combined nearly fourscore of these New York banks into one score in little more than a score of years, with an aggregate capital, surplus, undivided profits, and deposits of $6,015,608,100. New York has but one parallel as a world banking center, London, and but one parallel for its gigantic bank consolidations, Great Britain.

The "Big Five" of England, consisting of the Midland, Westminster, Lloyds, Barclays, and the National Provincial banks, have an aggregate capital and reserves of about $507,000,000, and deposits of $7,689,800,000, a little less capital and reserves in all than the twenty consolidated banks of New York, but with a billion and a half more deposits to their credit. The average capital and reserves of the large British banks is about $100,000,000, with average deposits of $1,434,000,000, compared with $30,000,000 and $270,000,000 for each of the New York banks under review, although some of the larger banks in the American group rank in importance with members of England's "Big Five."

Besides the twenty big consolidated banks there are only thirty-four banks in Greater New York with a capital of more than a million dollars each, that have not entered any combination. These latter have an aggregate capital and reserves of $339,146,000 with aggregate deposits of $2,197,272,400, average capital, surplus, and undivided profits of about $10,000,000 and deposits of about $65,000,000 per bank. This gives us a net result of fifty-four banks in Greater New York today, national, state, and trust companies, from an original of about 110, with capital in excess of a million dollars each, and an aggregate of $940,000,000 in capital, surplus and undivided profits, with deposits, capital, and reserves of eight and a half billion dollars. The average capital and reserves of these fifty-four New York banks is about $18,000,000 each, with average deposits of $141,000,000, giving this New York group of about half a hundred financial institutions more capital, reserves and deposits than the "Big Five" of all Britain, which have absorbed banking houses in all parts of the country and maintain branches all over the United Kingdom.



The Woolworth Building, home of the Irving Bank-Columbia Trust Company, which combined two families of banks

While bank consolidations have been more conspicuous in the United States during and after the recent war, the data which I have compiled seem to indicate that long before that many mergers were effected in New York City, approximately a third of all those consolidated. Moreover, I have been unable to trace much relationship between the war period phenomena and bank matings. In the main, these consolidations are the outgrowth of economic conditions, although there may be a few exceptions to that general conclusion. They are natural results of the tremendous growth of New York City, the growth of the nation, for which New York is an important financial center, and the expansion of our international trade and finance through the port of New York. In like manner, indeed, this process of consolidation has prevailed all over the United States, from more or less the same motive—supplying service to customers under the most favorable banking conditions. New York is by far the most important manufacturing city in America, the value of its annual output being more than $5,000,000,000 or one-twelfth of the product of the United States. Forty-one of its industries have a yearly output of more than $20,000,000 each, and eight produce more than $100,000,000 each. It has over 32,500 separate factories employing 825,000 workers, and adds an average of two new plants every working day of the year.

ABOUT 50 per cent of the export and import business of the country is carried on through this port and is financed by New York City banking institutions. Every great industrial corporation has a purchasing agent or branch there. Every railroad and steamship system of the United States, and of many other countries, has a New York office. A host of buyers flood New York City throughout the entire year. The city's transient population alone is over a million constantly, attracted by hotels, theaters, music, art, as well as business. Thus, its banking enterprises fit into the picture, form a part of the economic system of a wonder city of the world, exactly as a village bank is a part of the village anywhere.

The majority of these large banks are located in what is known as the downtown section of the city at the lower point of Manhattan, though a few have headquarters up in the forties and fifties. As the city began to spread

# TABULATING TWENTY BIG MERGERS

| Name of Bank | Consolidations | Date | Amount | Present Cap. end 1924 | Present surplus and undivided profits, end 1924 | Deposits end 1924 | Market price dollars per share 2-18-25 Bid | Market price dollars per share 2-18-25 Asked | Book value $ per share | 1924 Divds. $ | 1924 Erns. $ | Branches |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ¢ * Chase Nat'l | Chase Nat'l | 1921 | $15,000,000 | $20,000,000 | $25,461,600 | $570,304,900 | 428 | 432 | 227 | 20 | 28.77 | 7 |
| | Metropolitan Nat'l | 1921 | 5,000,000 | | | | | | | | | |
| Chatham Nat'l | Phenix Nat'l | 1911 | 1,800,000 | 10,500,000 | 9,318,500 | 194,806,100 | 300 | 304 | 188 | 16 | 17.94 | 13 |
| | Chatham Nat'l | 1911 | 450,000 | | | | | | | | | |
| | Century Nat'l | 1915 | 600,000 | | | | | | | | | |
| | Security Bank | 1915 | 650,000 | | | | | | | | | |
| | Union Exchange Bank | 1922 | 1,000,000 | | | | | | | | | |
| | Metropolitan Trust | 1925 | 2,000,000 | | | | | | | | | |
| Chemical Nat'l | Chemical Nat'l Bank | 1920 | 3,000,000 | 4,500,000 | 17,024,100 | 151,543,400 | 645 | 655 | 478 | 24 | 31.83 | 2 |
| | Citizens Cent'l Nat'l | 1920 | 1,500,000 | | | | | | | | | |
| ¢ @Nat'l City Bank | Nat'l City Bank | 1921 | 40,000,000 | 50,000,000 | 55,297,600 | 784,376,700 | 442 | 448 | 238 | 20 | 28.49 | 5 |
| | Second Nat'l Bank | 1921 | 1,000,000 | | | | | | | | | |
| | Commercial Exchange | 1921 | 200,000 | | | | | | | | | |
| Nat'l Bk. of Com. | Nat'l Bk. of Com. | 1903 | 12,500,000 | 25,000,000 | 39,761,000 | 533,710,900 | 364 | 368 | 259 | 16 | 23.54 | |
| | Nat'l W. Bk. of U. S. | 1903 | 12,500,000 | | | | | | | | | |
| East River Nat'l | East River Nat'l | 1924 | 1,500,000 | 2,100,000 | 1,942,600 | 35.995,200 | 220 | 230 | 192 | 13 | 15.04 | 2 |
| | Commerical Trust Co. | 1924 | 1,000,000 | | | | | | | | | |
| Mechanics & Met. | Fourth Nat'l | 1914 | 5,000,000 | 10,000,000 | 15,970,200 | 293,224,500 | 395 | 400 | 259 | 20 | 14.60 | 12 |
| | Mechanics Nat'l | 1904 | 2,000,000 | | | | | | | | | |
| | Leather Mfg. Nat'l | 1904 | 1,000,000 | | | | | | | | | |
| | Nat'l Copper Bank | 1909 | 3,000,000 | | | | | | | | | |
| | N.Y. Prod. Exg. Bk. | 1920 | 1,000,000 | | | | | | | | | |
| | Lincoln T. Co. | 1922 | 2,000,000 | | | | | | | | | |
| Seaboard Nat'l | Seaboard Nat'l | 1922 | 3,000,000 | 5,000,000 | 7,852,400 | 151,093,800 | 457 | 465 | 296 | 16 | 30.41 | 2 |
| | Mercantile Trust Co. | 1922 | 1,000,000 | | | | | | | | | |
| Bank of America | Bank of America | 1920 | 3,500,000 | 6,500,000 | 5,412,900 | 110,018,500 | 250 | 255 | 183 | 12 | 9.05 | 7 |
| | Franklin Trust Co. | 1920 | 2,000,000 | | | | | | | | | |
| | Atlantic Nat'l Bank | 1922 | 1,000,000 | | | | | | | | | |
| | Battery Park Nat'l | 1923 | 1,500,000 | | | | | | | | | |
| Bk. of Manhattan | Bk. of Manhattan | 1918 | 2,418,700 | F 10,000,000 | 15,874,600 | 176,616,200 | 178 | 181 | 119 | 8 | 9.99 | 30 |
| | Bk. of Metropolis | 1918 | 81,300 | | | | | | | | | |
| | Bk. of Long Island | 1920 | 500,000 | | | | | | | | | |
| | Merchants Nat'l Bk. | 1920 | 2,000,000 | | | | | | | | | |
| | Hillside Bank | 1920 | (small amounts | | | | | | | | | |
| | First Nat'l Ozone Park | 1920 | (not known | | | | | | | | | |
| | FirstFed.ForBk.Assn. | 1924 | (-ditto- | | | | | | | | | |
| Banker's Trust Co. | Banker's Trust Co. | 1911 | 3,000,000 | 20,000,000 | 26,514,000 | 376,886,700 | 448 | 452 | 232 | ? | 32.47 | |
| | Mercantile Trust Co. | 1911 | 2,000,000 | | | | | | | | | |
| | Manhattan Trust Co. | 1912 | 1,000,000 | | | | | | | | | |
| | Astor Trust Co. | 1917 | 1,250,000 | | | | | | | | | |
| Bk. of N. Y. & Trust Co. | Bk. of N. Y. & Nat'l Banking Ass'n | 1922 | 2,000,000 | 4,000,000 | 12,462,000 | 81,883,600 | 570 | 575 | 411 | 20 | 25.77 | 1 |
| | N.Y.Life Ins.& T.Co. | 1922 | 1,000,000 | | | | | | | | | |
| Central Un. T. Co. | Central Union Trust | 1918 | 5,000,000 | 12,500,000 | 23,610,500 | 254,238,900 | 730 | 737 | 289 | 24 | 38.22 | 2 |
| | Union Trust Co. | 1918 | 3,300,000 | | | | | | | | | |
| Empire Trust Co. | Empire State T. Co. | 1904 | 1,500,000 | 4,000,000 | 3,228,900 | 63,834,200 | 300 | 315 | 181 | 12 | | 1 |
| | Hudson Trust Co. | 1924 | 1,000,000 | | | | | | | | | |
| | McVickerRealtyT.Co. | 1904 | 500,000 | | | | | | | | | |
| Fidelity International T. Co. | Fidelity Trust Co. | 1920 | 1,000,000 | 2,000,000 | 2,117,700 | 20,783,500 | 245 | 253 | 205 | 10 | 18.69 | 3 |
| | International Bank | 1920 | 500,000 | | | | | | | | | |
| Guaranty T. Co. | Guaranty Trust Co. | 1912 | 2,000,000 | 25,000,000 | 19,180,900 | 567,472,300 | 332 | 335 | 176 | 12 | 15.09 | 2 |
| | Standard Trust Co. | 1912 | 1,000,000 | | | | | | | | | |
| | Fifth Ave. Trust Co. | 1910 | (small amounts | | | | | | | | | |
| | Morton Trust Co. | 1910 | (not known | | | | | | | | | |
| Equitable Trust Co. | Equitable Trust Co. | 1923 | $20,000,000 | $23,000,000 | $11,262,100 | $375,143,000 | 258 | 262 | 149 | 12 | 17.54 | 5 |
| | Imp.&TradersN.Bk. | 1923 | 3,000,000 | | | | | | | | | |
| Irving Bk. Columbia Trust Co. | Columbia Trust Co. | 1923 | 5,000,000 | 17,500,000 | 12,417,400 | 349,924,400 | 247 | 252 | 171 | 12 | 17.70 | 18 |
| | Irving Nat'l Bank | 1923 | | | | | | | | | | |
| | Knickerbocker T. Co. | 1912 | | | | | | | | | | |
| | N.Y.Exch. Bank | 1907 | Many Irving consolidations | | | | | | | | | |
| | Mercantile Nat'l Bk. | 1912 | over many years— | | | | | | | | | |
| | Nassau Nat'l Bank | 1914 | $12,500,000 | | | | | | | | | |
| | Broadway Trust Co. | 1919 | | | | | | | | | | |
| | Lincoln Nat'l Bk. | 1920 | | | | | | | | | | |
| Mfr's Trust Co. | Mfr's Nat'l Bank | 1921 | 2,000,000 | 5,000,000 | 5,315,800 | 117,422,400 | 330 | 330 | 206 | 16 | 20.87 | 11 |
| | Ridgewood Nat'l Bk. | 1921 | 500,000 | | | | | | | | | |
| | North Side Bank | 1922 | 500,000 | | | | | | | | | |
| | West Side Bank | 1918 | small amounts | | | | | | | | | |
| | Industrial Bank | 1922 | 500,000 | | | | | | | | | |
| | Columbia Bank | 1922 | 2,000,000 | | | | | | | | | |
| | Citizens Trust Co. | 1914 | name only | | | | | | | | | |
| N. Y. Trust Co. | N. Y. Trust Co. | 1921 | 5,000,000 | 10,000,000 | 19,147,800 | 212,556,300 | 423 | 428 | 291 | 20 | 28.05 | 2 |
| | Liberty Nat'l Bank | 1921 | 5,000,000 | | | | | | | | | |
| | TOTALS | | | $266,600,000 | $327,172,600 | $5,421,835,500 | | | | | | |

¢ National City and Chase National book value and earnings does not include National City Company or Chase Securities Corporation assets or earnings.

* Includes $4 paid Chase Securities Corporation.

@ Includes 50¢ and 50¢ extra paid by the National City Company, quarterly.

? The earnings are not known, capital increased June 30, 1924, from $2,000,000 @200 and merged with Hudson Trust Company.

F Par Value $50 a Share

Note 1—Dividend, earnings, and market figures obtained from Noble & Corwin, Bank stock specialists, New York City, N. Y.

Note 2—A merger between the Lawyer's Title & Trust Company and the Central Realty Bond & Trust Company, in 1905, is not listed with the consolidations, because it is not strictly a commercial bank.

Note 3—Capital stock amounts of banks before consolidations not all correct to the dollar—capital shifts at time of mergers somewhat confusing. The figures are fairly accurate however in showing relative strength of different banks merged. There have also been many capital increases since mergers. Owing to the varying conditions surrounding each particular consolidation, the capital of various banks before combinations must be considered only comparative, while in some instances, too, there have been capital decreases. Par value of the Bank of Manhattan stock is $50 per share; all others $100.

## SUMMARY

| | | | |
|---|---|---|---|
| | Capital of the 20 banks | $266,600,000 | |
| | Surplus & Undivided profits | 327,172,600 | $ 593,772,600 |
| (1) | Aggregate Deposits of all | | 5,421,835,500 |
| | Cap. Surplus, undiv. profits & deposits | | 6,015,608,100 |
| (2) | These twenty banks represent seventy-six consolidations, dating back to 1903, but principally of the post-war period. | | |
| (3) | Average capital, surplus, and undivided profits, for the 20 banks is | | $030,000,000 |
| | Average deposits per bank, about | | 270,000,000 |
| (4) | Average dividends per share in 1924 was | | $17.50 |
| (4) | Average earnings per share in 1924 was (on 19 of them; Empire Trust excluded) | | $22.31 |
| (6) | Total number of branches in Greater N. Y. | | 118 |

over its 327 square miles of territory, with its 771 miles of water frontage it became somewhat more congested than at the time the land was purchased from the Indians for $24. Little banks sprang up here and there in the different communities, but the big banks remained and waxed stronger and stronger "downtown." As the business area widened, customers of these large banks were constantly locating farther and farther away from them. The community banks handled what business they could which came their way, but the problem of giving service to the customer of a large bank anywhere in Greater New York looms larger as the city spreads. Manufacturers or wholesalers in Brooklyn and the Bronx, under present traffic conditions, find it almost a day's journey to the Wall Street district. The state banks solved this problem by opening up branches throughout the city; the national banks could not do that, without taking over an institution which already had branches, or a bank without them and converting it into a branch. The Corn Exchange Bank, for example, a state institution, has nearly sixty branches in Greater New York, which it has been establishing for many years. On the other hand, the Irving National Bank had none, but through several absorptions and consolidations, it has acquired eighteen at any one of which a customer can get the same service as in the Woolworth building, the main office.

THREE fundamental reasons, therefore, as I see it, have brought about most of these New York bank consolidations. First, a desire on the part of national banks to acquire branches and trust departments; second, the hope of doing a larger business with a proportionately lower overhead; and third, an ambition to render customers better service by means of larger capital resources and the distribution of important bank services through various branch systems.

The first and the third of these have already been realized, I am informed, by most of those who have participated in mergers; that is, the acquisition of branches and trust departments and the extension of better facilities to customers. The first is self-evident — they have them, an average of five and nine-tenths branches to each of the twenty banks under review in Greater New York, and a trust department apiece, I believe. The service rendered is better, too, which is also almost self-evident. But on the second point, the doctors disagree. Some with whom I talked felt that the service had been greatly improved without reducing the banking profits: others thought otherwise; none wanted to be quoted on the subject, and frankly I don't know, when it comes to the matter of net earnings for the banks. Some of these twenty have good results to show, it does not seem that any have fared worse since they entered mergers, but I do not believe that expectations have been realized in all cases. With many it is still too early to judge. On the whole optimism regarding the future of earnings in all cases is pronounced, and dividends, with increasing surpluses, are regularly reported. Speaking generally, it would appear that all of these twenty consolidations are a success, although some of them, according to the gossip of the street, may have proved less profitable thus far than their backers expected.

In the group of twenty banks consolidated, the average earnings per share for nineteen of them in 1924 was $22.31, while the corresponding dividends paid averaged $17.15 per share of $100 par value. In contrast, the thirty-four banks which did not enter into mergers (thirty-two of them averaged) earned about $30 per share, but paid an average dividend of only $12.52 per share. In the latter group, however, are a few, such as the First National Bank and the Hanover National with earnings of $142.41 and $51.36 per share respectively, and two or three others with large earnings, which raises the whole list of thirty-two abnormally. The largest earnings per share in the consolidation group was $38.22 credited to the Central Union Trust Company, and the lowest (excepting the Empire Trust Company which is not ascertainable at this time on account of recent mergers) $9.09 for the Bank of America. Of thirty-two reporting out of the group of thirty-four, the National American earned only $2.89 per share last year. These earnings are as reported by Noble & Corwin, bank stock specialists, of New York City.

BETTER service, as an officer in one of the large merged banks explained, is an obvious advantage to be derived from consolidations. Through increased capital, the bank is enabled to make larger loans to its merchant customers as well as to its correspondent banks when they are entitled to them. By means of its numerous branches, also, people who deal with the bank at any of its branches benefit from the advice of a large corps of specialists at the head office. Moreover, the increased resources from these various consolidations, with more highly specialized direction, adds to the solidarity of the institution. Every

(Continued on page 56)

## New York Banks of More Than $1,000,000 Capital Which Have Not Participated in Consolidations Since 1903

| | Name of Bank | Pres. Cap. End 1924 | Surplus and Undvd. End 1924 | Deposits End 1924 |
|---|---|---|---|---|
| @ | American Exchange National | $ 5,000,000 | $ 8,246,000 | $175,547,600 |
| | Capitol National | 2,000,000 | 780,000 | 21,739,100 |
| | Coal & Iron National | 1,500,000 | 1,735,100 | 26,798,900 |
| | Fifth National | 1,200,000 | 1,344,800 | 20,805,400 |
| | First National | 10,000,000 | 66,060,100 | 310,470,300 |
| | Garfield National | 1,000,000 | 1,656,200 | 19,470,700 |
| | Gotham National | 1,500,000 | 511,900 | 17,854,400 |
| | Hamilton National | 1,000,000 | 357,100 | 7,511,700 |
| | Hanover National | 5,000,000 | 23,519,000 | 166,131,100 |
| | Harriman National | 1,000,000 | 1,927,300 | 37,166,200 |
| * | Nassau National | 1,000,000 | 1,750,100 | 19,919,600 |
| | National American | 1,000,000 | 549,900 | 7,760,100 |
| | Park National | 10,000,000 | 23,743,800 | 183,196,800 |
| | Public National | 4,000,000 | 6,100,700 | 103,762,900 |
| | United National | 1,000,000 | 503,400 | 12,084,600 |
| | Central Mercantile | 1,500,000 | 906,600 | 11,089,700 |
| | Chelsea Exchange | 1,000,000 | 353900, | 13,797,600 |
| | Colonial | 1,200,000 | 2,541,300 | 29,227,600 |
| | Continental | 1,000,000 | 1,066,500 | 6,850,700 |
| | Corn Exchange | 10,000,000 | 13,493,400 | 232,763,800 |
| | Greenwich | 1,000,000 | 2,434,800 | 23,752,600 |
| @ * | Mechanics Bank | 2,000,000 | 2,850,100 | 43,792,000 |
| | State Bank | 3,500,000 | 5,134,600 | 101,838,600 |
| | United States Bank | 3,000,000 | 922,000 | 57,653,700 |
| | American Trust Company | 2,500,000 | 1,589,700 | 35,879,500 |
| | Farmers Loan and Trust Co. | 5,000,000 | 7,370,300 | 156,636,500 |
| | Metroplitan Trust Company | 2,000,000 | 4,129,900 | 48,803,100 |
| @ * | Peoples Trust Company | 1,600,000 | 3,768,100 | 59,315,000 |
| | U. S. Mortage and Trust Company | 3,000,000 | 4,619,100 | 60,291,100 |
| | United States Trust Company | 2,000,000 | 18,167,300 | 56,530,700 |
| | Lawyers Title and Trust Co. | 6,000,000 | 6,311,700 | 18,986,100 |
| @ | Title Grant and Trust Company | 10,000,000 | 15,908,300 | 41,804,600 |
| | Butchers and Drovers | 1,000,000 | 277,200 | 7,397,000 |
| * | Brooklyn Trust Company | 1,500,000 | 3,876,000 | 50,643,100 |
| | Totals | $105,000,000 | $234,146,200 | $2,197,272,400 |

* Located in Brooklyn. Par value shares Mechanics Bank $50.00.

@ Small mergers made but not included in largest 20 consolidations.

SUMMARY

| | | |
|---|---|---|
| Capital of thirty-four banks | $105,000,000 | |
| Surplus and Undivided Profits | 234,146,000 | $ 339,146,000 |
| 1—Aggregate deposits of all | | 2,197,272,400 |
| Capital, Surplus, Profits and Deposits | | $2,536,418,400 |
| 2—Dividends on this group averaged $12.52 per share in 1924; earnings, $30.00 per share, State and Butchers and Drovers not listed. | | |
| 3—Average, capital, surplus, and undivided profits per bank is about | | 10,000,000 |
| 4—Average deposits per bank is about | | 65,000,000 |

# My Bank Helps Me Own Securities

## Our Plan of Investment for Me Is Mutually Profitable, But My Bank Discourages Recommending It to Other Men

*By* PHILIP H. JEWETT

I'D REACHED the years which are supposed to bring discretion before the Wall Street bug hit me. Then I fell hard and entered the game with all the zeal of the new convert. Mine was a bad case. Fortunately, at that moment the market was one in which I couldn't go wrong. Everything was moving up. My paper profits grew like the weeds in my neglected garden and in imagination I saw myself retiring from business and spending my declining years in an easy chair in a board room. And then my broker blew up. Months later when the courts and the receiver had done their worst I received a check for $31.70 as my share of the assets.

But was I cured? I was not. The memory of those unrealized profits still haunted me. Yet I did see some things differently. Speculation had lost its charm. I no longer wanted to buy securities on margin but to own them outright. And I wanted real securities, not cats and dogs, but gilt-edged, seasoned bonds and preferred or guaranteed stocks—things that I could own and still sleep a-nights, that I could put away in my own safe deposit box and know that they would be there whenever I wanted them. Then, too, I wanted to diversify my purchases, to minimize my risks by spreading my investments over a number of issues. But how to do it with my limited resources? Then I hit upon a plan.




It all grew out of a talk I had with Jack Saunders who happens to be the cashier of our local bank. I know Jack pretty well and he knows me perhaps better than I know myself. Jack and I rode into town together one day and as always, we got to discussing the market. We had just agreed that the P X Preferred stock paying 6 per cent was a good buy at 100. I was thinking of that loose thousand dollars that I had on hand and regretting that I had to use half of it to re-shingle my house. Perhaps the wish was father to the thought. Anyway I blurted it out.

"Jack," I said, "if I owned a certificate for ten shares of P X selling at 100, how much money would you loan me on it?"

"The usual 80 per cent," replied Jack, "$800 or thereabouts."

"Well," I said, "suppose I buy it today and send you the bill. Will you put up $800 towards paying for it and charge my account for the other $200?"

"Why, I suppose so," replied Jack.

"Well, that's just what I'm going to do," I said. "I'll buy them at the market. I'll send you the broker's bill and tell him that you'll pay for them. I'll have him register the shares in my name but order the certificate sent to you. Now what do you want me to do?"

"Well," said Jack, "in the first place we'd want you to sign a power of attorney giving us the right to sell the certificate at any time. Then we'd want your note for that $800 at 6 per cent and I think it oughtn't to run for more than ninety days. We'll want you to keep at least 20 per cent of that $800 you owe us always on deposit at the bank to protect us if the stock slumps. When the ninety days are up, we'll renew your note for you but I think you ought to pay off at least 10 per cent of what you owe every time we do it."

"I'll do better than that," said I. "I'll pay you $100 every three months. That means I'll own the stock in two years. But the interest will be mine, won't it?"

"Of course," said Jack. "The stock is registered in your name. It's paying 6 per cent now. You'll pay us 6 per cent on the unpaid balance and you get your full 6 per cent on your equity of $200. This P X Preferred is as good as a bond. Its fluctuations are so slight that it is practically stationary. Now if this were a common stock—even one of the best of them—we might feel differently about it. The bottom might drop out of the market and send it sliding down hill so fast that your equity would be wiped out. Then, of course, we'd have to holler for more money. That's where your check book balance of at least 20 per cent of the loan would come in. And when the falling market wiped that out, we'd want still more and it might be necessary to use your power of attorney and sell the stock in order to protect our loan. But with a good bond or a sound preferred or guaranteed stock we would both feel secure. I should think it would be a good thing for you and a good thing for us. We'll have a standard security as collateral and what's more we'll have some assurance now that you'll keep a reasonable balance on hand all the time. You don't always do that, you know, and we don't like to jack you up about it but now I can promise you we will."

THAT was the beginning of a series of transactions that have made money for me and for the bank. Today I own outright half a dozen securities of a higher grade than I ever expected to be able to buy. Already they show a substantial profit on the purchase price and ever since the day of their purchase they have paid me liberal returns. And yet it has cost me practically nothing to carry these securities for on an average they've more than earned their carrying expenses.

From time to time I have re-arranged my investment list with a view to

strengthening it. As market conditions have changed, I have been able to eliminate the weaker sisters, filling their places with ever stronger ones. At the present time, I'm in the process of owning ten new securities. Usually I finish paying for them within a year. If I have the available funds and am satisfied with my purchase, I complete payments at an earlier time and thereby save interest charges. At the outset I confined myself to bonds and preferred stocks. Then as my list grew stronger I ventured to add one or two common stocks when I could buy them at a reasonable figure. Needless to say, these have been stocks that have paid their dividends for years and they have been in those companies whose prospects for the future were brightest. It is likewise needless to add that in every case my purchase has been made with the approval and advice of the bank.

On the whole, my relations with the bank have moved smoothly, partly because of the confidence we have had in each other and partly because I have felt that it has been to my advantage to do what is most satisfactory to them and to keep them satisfied with the arrangement. There are a few principles on which we are mutually agreed. In the first place, my purchases are such as can be justly described as investments rather than speculations. No longer do I risk money on blind chance or even on the anticipation of an increase in values. On the other hand, I purchase only those securities that offer an assured return with a minimum risk. Of course, there is always the hope that a favorable turn of the market will increase their values and I try to confine myself to those issues which the authorities describe as "a buy." If these anticipations are justified, so much the better. But whether they are or whether they aren't, I am not particularly concerned for the reason that they furnish a satisfactory return on the purchase price and even if that price decreases, the return is still satisfactory and I can always buy more at a lower price. Never yet have I asked my bank to use its money to back my guess that an issue is going to advance.

Incidentally, it is worth mentioning that since we began to work together I have moved away from the town in which my bank is located. All of our transactions are therefore carried on by mail. Perhaps it's better so. I always have carbons of my letters on file as evidence of the transactions. Then, too, I imagine that I'm less of a nuisance to the bank in that I'm not forever running in and out during their busy hours.

THE other day I happened to run into my friend, the cashier. I hadn't seen him for a year. "Well, Jack," I said, "we've been doing quite a little business with each other. How do you like it? Is it satisfactory from your point of view?"

"Absolutely," said he. "As a matter of fact, you were never a particularly profitable customer until you started this stunt of buying securities through us. Now you're quite profitable. Personally, I wish we had a hundred such accounts."

"Why don't you advertise for them?" I asked. "The world is full of fellows situated just as I am—fellows who distrust brokers but who do trust you. They'd be delighted to use this scheme. There's no copyright on it. Anyone can do it but I never heard of anyone advertising to do it."

"Well, we thought of that, too," said Jack, "but somehow we don't dare to. What's the use of turning a lot of entirely satisfied and contented savings account builders into market traders and speculators? And how long would it be before we'd turn our bank into a broker's shop?"

And yet I ask myself if this point of view isn't ultra-conservative, a little short-sighted and a little pessimistic. Isn't this plan which works so admirably in my own case feasible for general use under proper safeguards? Of course, wealthy speculators and investors have always understood how to use banks to help them build their fortunes. But wouldn't the thousands of people of moderate means—level-headed, conservative people who have no desire to speculate or gamble but who simply wish to acquire the most substantial, secure and worth-while stocks and bonds that the market offers—wouldn't such people, I say, be safer and better off operating under some such plan as mine than they are at present, selecting their purchases more or less at random and buying them when they are too high and selling them too soon? It seems to me that a plan like the one I have described offers them a better opportunity to attain ultimate financial independence by the shortest road.

After all, most saving is haphazard and never gets anywhere. This plan would give them a definite object and a real incentive to save regularly and systematically. Incidentally, it gives the banker a chance to be of real, genuine service in an advisory capacity in the selection of securities. And for once he is in a position to insist that his advice be followed. When his customer knows that his banker may decline to loan him money on a gamble, he will think twice before he commits himself to an injudicious purchase.

Some day there may be a banker who will have the courage to admit that a savings account is not always the best possible and most profitable form of investment, that it is rather the very best means through which to accumulate money that later can be used in a more profitable direction. Of course, everyone knows that the first step in the accumulation of a fortune is the building up of a substantial and always available balance and that the more extended one's investments may be the more necessary

(Continued on page 52)



# Capitalizing Interest Periods

## The "Interest Letter" in Washington Advertises the Bank and Audits the Records of the Savings Department

*By* FREDERICK P. H. SIDDONS
American Security & Trust Company
Washington, D. C.

THE payment of interest to savings customers in financial institutions occurs semi-annually, and at such time affords the opportunity of bringing the bank's facilities to the attention of this class of customers, and making one of the most complete audits possible of the records of that department. This has been accomplished by the American Security and Trust Company of Washington, D. C., so that a very concrete plan of operation has been developed, and the advantages gained have been very far-reaching. About six weeks previous to the sending out of notices relative to the payment of interest, the new business department prepares a so-called "interest letter," discussing with the heads of the different departments whether all services of the bank or some particular facility should be brought to the attention of the savings customer.

The following are samples of letters used:

October 1, 1923.

Dear Madam:

In crediting the semi-annual interest on your savings account with this company, and requesting that you bring or send in your pass book at your convenience in order that we may make this entry of interest, we take pleasure in announcing an added service for our customers,

The Christmas Savings Club
to open
The early part of December.

— The object of the American Security Savings Club is not only to help you and others to save for Christmas, but to encourage the habit of thrift generally. We will pay an annual 3% interest rate if all payments are made regularly or in advance.

We hope you will take advantage of this new service and, as a savings customer, are using the facilities in our General Banking, Safe Deposit, Real Estate, Foreign Exchange and Trust Departments.

Faithfully yours,

The above letter advertised more specifically a service while the communication quoted as follows is more general in scope, yet conveys four distinct messages:

October 1, 1924

Dear Sir:

The interest due on your savings account with this company for the six months' period ending September 30, 1924, has been credited this date and by bringing or sending us your pass book we will enter therein the amount due you.




The beautiful main office

We earnestly hope that as a customer of our Savings Department you will constantly use the General Banking, Safe Deposit, Real Estate, Foreign Exchange and Trust Departments, and open a 1925 Christmas Savings account when the club opens the latter part of this year.

The strength of this institution is measured by the protection it affords its customers, through having available a capital, surplus and undivided profits of over $6,000,000.

As one of the evidences of our growth and our feeling that the public has confidence in the banking services we have to offer, we have erected a new Southwest Branch building at Seventh and E Streets, to replace its old quarters at 436 Seventh Street, S. W., in which has been installed a safe deposit department.

Yours very truly,

The letter is run off in sufficient quantity to take care of the needs of each banking office, carrying their individual address and a signature cut at the end of the letter of the officer in charge, should the bank have branches.

If your savings accounts run into thousands, the additional work involved may require more help. Accurate typists should do this work as it is necessary to send out the letters with the proper name and address. This is especially essential as the window envelope is preferable in the mailing since it saves time and money. These envelopes should be ordered in advance and bear a post office return number rather than the name of the bank.

So frequently accounts are opened confidentially and omission of the name of the bank on the outside acts as a protection. Folders numbered from 1 to 1000, 1000 to 2,000 and up, are ready to receive the letters serially as they are written. They are filled in from the signature card, beginning alphabetically, and the number of the account is placed in the upper left-hand corner of the letter. At the end of each day's work they are arranged numerically and placed in the folders ready to receive them — readily accessible for audit from the ledger cards, as the numerical system of savings ledgers is the most commonly used by all banks.

In the meantime the savings department has figured interest and has noted temporarily on the ledger cards which accounts are to receive interest. The items thus placed are awaiting the audit and to be run through on the date due. Members of the auditing department check each letter with the ledgers, eliminating those which do not receive interest, those which have names that are not similar to the ones contained on the ledger cards, those for which pass books are kept by the bank, and finally keeping a list of the numbers of accounts that have no letter.

By this method only those whose accounts receive interest get letters, errors made in copying from signature cards can be corrected and the accuracy of the signature and ledger files is tested.

The letters are then made ready for mailing and, because of the large number who respond to the request, delivery has to be stretched over a period of days. No bank wants so many customers that it cannot give quick service. Overcrowding of the lobby would nullify most of the advantages to be gained from the interest letter.

Besides the customers, the public generally should know what the bank

is doing for its customers. The American Security and Trust Company takes advantage of the interest paid depositors by advertising the amount semi-annually in the newspapers as shown by the following samples:

TODAY

$164,499.92

is being paid to the savings depositors of this company, representing the regular payment of interest on savings accounts for the year.

Six months from today another payment will be made to our savings depositors. Open an account today at any of our five banking offices.

Open today until 5:30

Our savings depositors are requested to bring in their pass books in order that the proper credit of interest may be made therein.

Approximately one-tenth of the population of Washington will share in the $158,809.47

which is being paid today to the savings depositors of this company, representing the first regular payment of interest on savings accounts for the year.

Six months from today another interest payment will be made on savings accounts. Plan now to receive a share of that sum.

Open today until 5:30

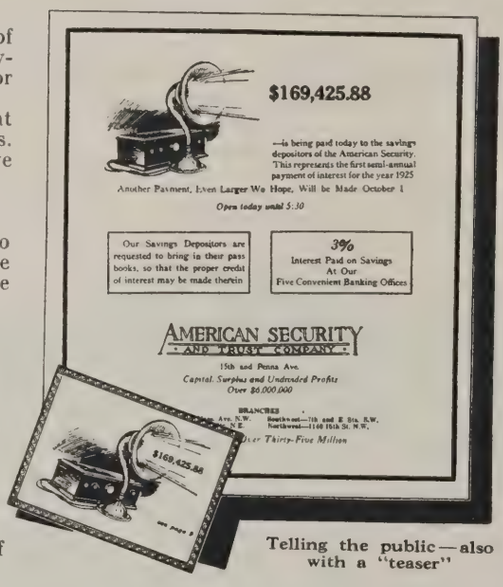
Our savings depositors are requested to bring in their pass books, so that the proper credit of interest may be made therein.

For the American Security and Trust Company this "interest letter" system has accomplished several purposes.

It brings a customer to the bank personally.

If a letter is addressed wrong it will often cause the customer to give notice of change.

If undelivered, it is returned to the bank, notation is made on the signature card and when a customer comes in the proper address is obtainable.




Telling the public—also with a "teaser"

It keeps the signature card file entirely up-to-date by proving if closed account cards are in the active files and names have been filed in error.

It is a most accurate check between signature file and ledger cards for correctness of names.

It is a splendid means of putting the savings customer on notice of the services of the bank.

This means of getting the customer in the bank gives the tellers the opportunity of suggesting, as the interest is being entered in the pass book, that customers make regular deposits. The securing of proper addresses is one of the recognized problems of the financial institutions. No real system, perfect in every detail, has ever been worked out, but this "interest letter" plan does render splendid assistance.

The more important features of this plan have been described and if completely analyzed it can readily be seen as a most efficient method of bringing out salient defects, if such exist, in the entire operation of a savings department.

So complete and comprehensive a check can be made that those responsible for errors cannot, therefore, avoid the embarrassment of realizing that they have failed in handling their work properly.

As a publicity agent, as a new business developer and as an auditor it is doubtful if any other letter in any institution can obtain such far-reaching results. The cost is not great.

# They Talk About Banking to High Schools

*By* ELBERT S. BOYD
Federal Reserve Bank, Cleveland

MANY people—not all of them soap-box orators—regard the banker as an octopus, reaching out to absorb the wealth of the world. The proponent of this theory will point out to you that the banker is not a producer and that a bank is never organized in a community that's needy, but on the contrary looks about until it locates a prosperous community, then proceeds to organize, and begins to fatten on the earnings of the producer.

The Cleveland Chapter of the American Institute of Banking, while recognizing the absurdity of this line of reasoning, felt that some steps should be taken to counteract such propaganda. While the primary function of the A. I. B. is to educate bank clerks, it is a well-known fact that an educator never loses an opportunity to scatter seeds of knowledge in any available soil.

The public affairs committee of which Frank Frey is chairman, arranged with the Cleveland Board of Education to furnish a speaker for each of the twelve high schools in the city, who would deliver a series of five talks to the classes in economics, explaining the functions, organization and operation of a bank. The speakers were drafted from the second year class in public speaking, many of whom have shown considerable ability to present a subject clearly and concisely.

The first of the series dealt with the organization of a bank, explaining the different kinds of banks and outlining some of the services a bank renders to the community.

The second lecture, or talk, was on the subject "Lending the Bank's Money." The speaker set forth the various forms of notes on which the bank lends money, such as straight notes, indorsed notes, collateral notes, etc., endeavoring to make clear to the mind of the student the necessity for safeguarding the money of the depositors.




Number three was on the subject of "Investments," and the students were taught the difference between stocks, bonds, mortgages and various other forms of investments, and cautioned against get-rich-quick schemes and wildcat investments. The fourth lesson was "How Banks Aid Commerce," which dealt largely with foreign exchange. This talk emphasized particularly the fact that virtually everyone in our modern civilization, from ditch digger to the millionaire is wearing the products of a foreign country—begins his day, indeed, with a cup of coffee imported from Brazil.

The fifth and closing talk of the series was on "The Federal Reserve System," telling some of the reasons for its existence, its manner of operation, and contrasting conditions before and after the establishing of the system.

Each of the talks covered an entire

(Continued on page 53)

# Who Keeps the Contest Records?

## A Perpetual Daily Credit to Teams and Individuals for New Business Obtained When Conditions are Complicated

*By* HY. W. SANDERS
Citizens National Bank, Los Angeles, Calif.

THIS is not the story of a new account contest so much as the story of the solution of problems in keeping track of a contest in which are present a number of unusual and complicating factors. In most of the new account contests that I have seen in print, the conditions were much simpler. All the contestants were concentrated in one office. They brought all their new accounts to the same "New Account" window. Their problem of creating the incentive to work necessary to maintain the contest idea did not present any special difficulties. In our case there were so many altogether unusual features and conditions, and the contestants were so scattered over the city that much time and thought were required to evolve an adequate system of records and credit the results to the individuals of the staff that were entitled to them.

To begin with, the contest was not limited by time. It was called "Contest for $10,000,000 New Deposits," and therefore records had to be started on a scale that would anticipate the possibility of continuous run for a number of months, perhaps even a couple of years. As it worked out, the first two millions was brought in during the first sixty days, and thus ended our worries that the contest might stretch away into the dim and distant future.

Then there was a complication caused by the fact that all employees of our two banks, the Citizens National, and the Citizens Trust and Savings Bank, in all some 720, were given the opportunity to compete. The prize list was lengthy and generous, and commissions were to be given for every account brought in. This meant keeping records of accounts brought in to twenty-three separate banking offices, for the contestant was given credit for the account wherever it might be opened, provided its origin was definitely traceable to introduction by him. The best interests of the customer were to be the determining factor in the location of the account. Further than this, accurate records must be kept for the payment of the commissions.

NO ACCOUNTS could be considered eligible for either awards or commissions unless they remained for at least sixty days. Employees whose work did not bring them into contact with the public were to receive double points. In the case where an account, opened with only a nominal amount, was increased by a substantial balance transferred later, the contestant was to receive credit for the larger sum, but must present some evidence that it was really new money. Special awards were offered for the renting of safe-deposit boxes, and the introduction of trust and escrow business, or the forming of contacts with our subsidiary which handles bonds.

As the day of the opening drew near, all these various matters had to be considered in formulating the scheme of records. Previous contests had been held, but without the many special features which characterized this one.

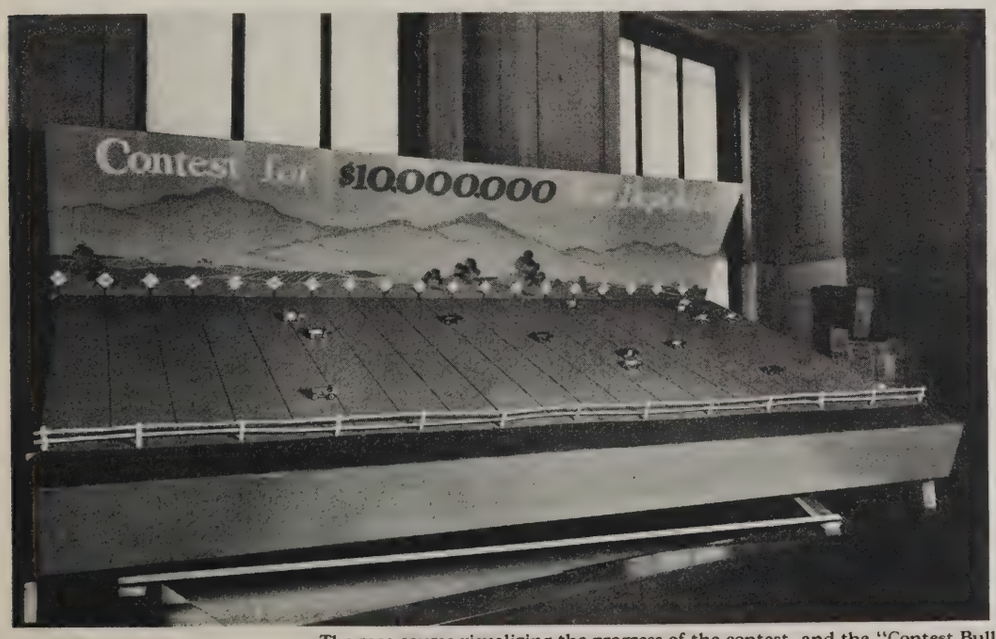
As a first step we outlined what we wanted the records to show, and we found it worked out about as follows:

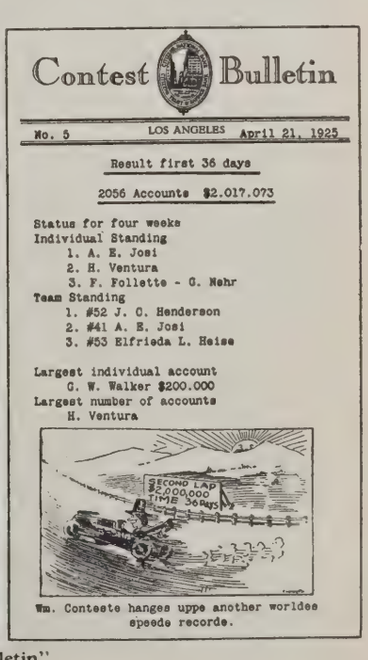
(1) The individual record of each of the 720 contestants, divided into the various classes of business—commercial, savings, certificates of deposit, safe deposit, and the miscellaneous services above mentioned.

(2) Team records for the awarding of team prizes and the publicity work planned to keep up the spirit of the contest.

(3) Separate records for the national bank and the trust and savings bank as to number of accounts and amounts in each class, and also combined records.

(4) Data for checking up the accounts at the end of the sixty-day period and paying out commissions daily thereafter. It was decided that as soon as a new account had completed its sixty-day period, the commission should



Contest Bulletin

No. 5 LOS ANGELES April 21, 1925

Result first 36 days

2056 Accounts $2.017.073

Status for four weeks
Individual Standing
1. A. E. Josi
2. H. Ventura
3. F. Follette - G. Mehr
Team Standing
1. #52 J. C. Henderson
2. #41 A. E. Josi
3. #53 Elfrieda L. Heise

Largest individual account
G. W. Walker $200.000
Largest number of accounts
H. Ventura



Wm. Conteste hanges uppe another worldes speede recorde.

The race course visualizing the progress of the contest, and the "Contest Bulletin"

CONTEST FOR $10,000,000 NEW DEPOSITS

Daily Recap of Captains' Reports

| Team | CITIZENS NATIONAL BANK # | Comml | # | Savgs | Other | CITIZENS TRUST AND SAVINGS BANK Team | # | Comml | # | Savgs | Other |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | 2 | 3000 | 2 | 180 | | 1 | 1 | 1000 | 4 | 2625 | |
| 2. | 1 | 450 | 1 | 2000 | 1 S.Dep 4.00 | 2 | 1 | 131 | 1 | 1000 | |
| 3. | | | | | | 3 | 4 | 6542 | 5 | 3465 | |
| 4. | 3 | 3800 | 4 | 2375 | | 4 | 2 | 11000 | 1 | 165 | |
| 5. | 1 | 1000 | 5 | 2078 | | 5 | 1 | 400 | | | |
| 6. | 4 | 4100 | 3 | 3728 | | 6 | | | | | |
| 7. | | | 1 | 2500 | | 7 | 1 | 33 | 2 | 575 | |
| 8. | 2 | 1455 | | | | 8 | | | 1 | 160 | |
| 9. | 3 | 2600 | 1 | 120 | | 9 | 2 | 6949 | 2 | 1340 | |
| 10. | 1 | 740 | 3 | 4000 | | 10 | 2 | 8000 | | | |
| 11. | 2 | 4000 | 2 | 2134 | | 11 | 1 | 800 | 1 | 1000 | |
| 12. | 1 | 275 | 7 | 8751 | | 12 | 1 | 1000 | 6 | 3500 | |
| 13. | 2 | 125 | 1 | 2500 | Escrow #231 | 13 | | | 1 | 5000 | |
| 14. | 2 | 1000 | 1 | 150 | | 14 | | | 2 | 1500 | |
| 15. | 1 | 1500 | 2 | 425 | | 15 | 2 | 200 | | | |
| 16 | 1 | 375 | 1 | 500 | | 16 | 1 | 287 | 1 | 2000 | S.Dep$4 |
| | | | | | | 17 | 4 | 7500 | 3 | 2049 | |
| | 26 | 24420 | 34 | 31441 | | 18 | 3 | 1719 | | | |
| | | | | | | 19 | | | 7 | 9800 | |
| | | | | | | 20 | 1 | 552 | 1 | 750 | |
| | | | | | | 21 | 1 | 500 | | | |
| | | | | | | 22 | 2 | 300 | 1 | 378 | |
| C.N. | 26 | 24420 | 34 | 31441 | | 23 | 7 | 5795 | 4 | 2450 | Trust |
| C.T. | 66 | 92996 | 68 | 58246 | | 24 | 1 | 450 | 1 | 500 | |
| | 92 | 117416 | 102 | 89687 | | 25 | 1 | 5000 | 3 | 2000 | |
| | | | | | | 26 | 1 | 100 | 1 | 297 | |
| | | | | | | 27 | | | 2 | 650 | |
| | | | | | | 28 | 2 | 1167 | 1 | 1000 | |
| | | | | | | 29 | 1 | 400 | | | |
| | | | | | | 30 | 3 | 627 | 5 | 8000 | |
| | | | | | | 31 | 9 | 15581 | 1 | 1000 | |
| | | | | | | 32 | 1 | 1000 | 1 | 190 | |
| | | | | | | 33 | | | | | |
| | | | | | | 34 | 2 | 11367 | 1 | 1695 | |
| | | | | | | 35 | 1 | 492 | 1 | 251 | |
| | | | | | | 36 | 1 | 279 | 2 | 766 | |
| | | | | | | 37 | 2 | 390 | | | |
| | | | | | | 38 | 2 | 1700 | 4 | 2450 | |
| | | | | | | 39 | 1 | 1600 | 3 | 1690 | |
| | | | | | | 40 | 1 | 135 | | | |
| | | | | | | | 66 | 92996 | 68 | 58246 | |

| | Commercial | 92 | 117416 |
|---|---|---|---|
| | Savings | 102 | 89687 |
| Today | | 194 | 207103 |

| | # | Comml | # | Savings |
|---|---|---|---|---|
| Previous Totals | 764 | 1,042,368 | 1155 | 664,322 |
| Todays Totals | 92 | 117,416 | 102 | 89,687 |
| To Date | 856 | 1,159,784 | 1257 | 754,009 |

CITIZENS BANKS $10,000,000 NEW DEPOSITS CONTEST

CAPTAIN'S DAILY REPORT DATE Nov 6 1925

NOTE: This daily report must be filled out and turned in to the Central Department, whether there are any new accounts accompanying it or not. Points will be awarded to contestants only on business that is reported on this form.

| NAME OF DEPOSITOR | ADDRESS | COMMERCIAL | SAVINGS | WHERE OPENED | POINTS | COMMISSION |
|---|---|---|---|---|---|---|
| G L Jenkins | 24 I Inc Oldg (M Crawley) | | 1.00 | C.N. | 1 | |
| Rose Co | Santa Fe Av. (Miss Smith) | 1500 | | C.N. | 3 | |
| A Brundage | Azusa P.O (J.L Williams) | | 25 | Main St | 1 | |

JOHN L. SMITH

(Bookeeper # 6)

Team No 42

Captain. W.W. Brown.

INTRODUCTION CARD

Los Angeles Calif. 1925

To Citizens Bank

(location) (branch)

This will introduce

who desires to open a account during current new account contest.

Specimen signature (consent) (teller)

FORWARD CITIZENS NATIONAL BANK LOS ANGELES CAL

FORWARD CITIZENS NATIONAL BANK LOS ANGELES CAL

**The individual record card, team recapitulation card, captains' daily report and other forms required**

be paid at once to stimulate interest in the contest. From the inception of this practice, the contest took a forward stride.

(5) Daily reports to the officers and the staffs of the main banking offices and weekly bulletins to all contestants including those in the outlying branches.

The method used was built upon the fundamental bookkeeping idea of ledger and journal, or, in other words, an account for each individual and a daily record of total business.

Employees were organized into teams of about fourteen members. They were headed by captains who were the older employees, tellers and department heads in the central offices and assistant managers at the branches. Officers were not included in teams or permitted to compete for prizes or commissions, though the accounts they were able to obtain coincident with the drive were included in the totals. After the teams were organized it became the duty of the captain to keep in touch with his team, and to report to contest headquarters all accounts obtained by its members. All accounts admitted to record thus were received through the captains.

Every day the captain turned in the accounts claimed by the members of his team. If there were no claims, he was required to turn in the sheet blank—a mute reminder to him that his team might need stimulation. Where cards of introduction were presented, and no claims made, the captains were notified to report the business. Where claims were made and no cards were presented to the new accounts department, investigation was necessary before the daily sheet was O. K'd.

Sometimes claims were disallowed—for example, when the money had been transferred from some other branch or from the national bank or vice-versa, or when the personal accounts of contestants had been made the subject of claims. These exceptions were defined at the outset, but the rule was established to give the contestant the benefit of the doubt and only to disallow claims when no other course was possible. Generally speaking the duty of following up leads and closing business was left to the contestants, but in exceptional cases where credit requirements might be involved, the services of the bank officers could be commandeered. However, the contestant would receive credit if business resulted.

EVERY day came fifty-six reports from the captains. The accounts, after verification and marking of the commissions and points awarded, were recapped into the "Daily Recap of Captains' Reports" sheet. Opposite each team was recorded the number of accounts and the amounts, both of commercial and savings, with a column for other business, such as safe deposit, trust and escrow, etc.

The two banks were recapped separately, then joined into grand totals and finally joined with the previous day's figures to make a running record for the officers of the banks. Copies of these daily summaries were handed to the officers of the banks and posted on the bulletin boards, while the weekly totals were included with the standing of the leading teams and individuals in the "Contest Bulletin."

Ordinary savings cards were used for the individual records with the headings changed as entries came to be made. Each card bore the name of a contestant, and they were kept in bundles by teams, with a team recap card on the top of each bunch. Daily postings were made from the captains' report sheets, and once a week the totals on the individual cards were summarized into one total and added to the recap card. These were then added and balanced against the aggregate totals of the daily sheets. By this means the records were proved once a week, and so, even though the contest might go on indefinitely, the figures were always correct. The only possibility of error would be a posting to a wrong account—which could be soon located, since there were only fourteen members of the same team to be checked up.

In the central banking offices the contest was visualized by an automobile race. A board was fixed up to represent a race track, with a background of painted scenery, an imitation grass border and toy fence. Then small toy automobiles representing the teams and numbered accordingly were placed to indicate team standing, the course being divided by lines numbered to represent the points gained. This race track was the center of interest at all times and a powerful incentive in stimulating the spirit of competition.

# Giving Them "Life" for Stick-up

## An Interesting Study of Convictions for Bank Holdup in Iowa and Minnesota, Both Imposing Life Imprisonment

No deterrent is more effective than a punishment which, if incurred . . . is sure, speedy and severe.

The deterrent effect of such penalties is in proportion to their certainty.

*Bentham, Rationale of Punishment*

*By* THOMAS J. MALONE

RECOGNIZING the growing propensity of ennuied bank robbers to turn from the arduous toil of night burglary to the simpler feat of daylight holdup, the Minnesota legislature, in September of 1919, enacted a law specifying life imprisonment as the penalty for the latter crime. The measure had the backing of the Minnesota Bankers Association, which expected great things of it as a deterrent of the daylight operators. They have not been realized.

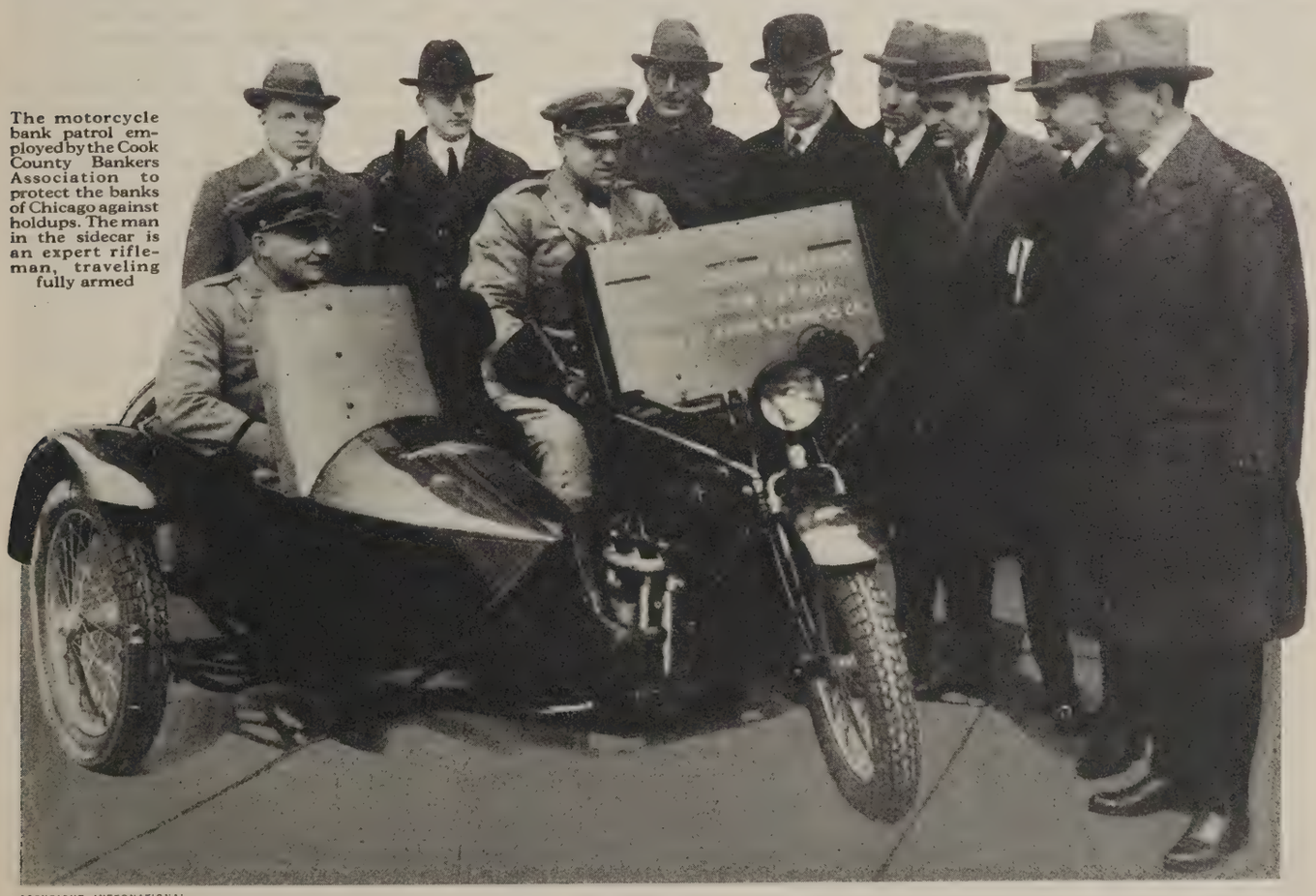
Since the law was passed, and up to this writing in March, 1925, there have been twenty-eight daylight bank holdups in Minnesota, an average of one every seventy-two days; before its passage—beginning with the first of the modern type of holdup in November, 1915—there had been seventeen, an average of one every eighty-two days. Daylight bank robberies became more numerous after the "life" law was enacted!

Iowa, the first state to pass such a law and the only state besides Minnesota now having it, reports results more satisfactory. The Iowa Bankers Association, which had sponsored the bill, views its effect with an approach to enthusiasm. Daylight bank "stick-ups"—the term is used in the Iowa statute—have become "few and far between." From August, 1922, a period of thirty-one months, Iowa has had only three such stick-ups, while in the same period Minnesota has had ten!

This may bear on the relative showings: Iowa has sent, in all, fourteen men to prison for life under its statute, Minnesota seven; from those three Iowa stick-ups in thirty-one months three "sticker-ups" are now serving life, from the ten in Minnesota one is serving life for robbery and one, an accomplice, for murder committed at the time. The Minnesota showing is not due to want of captures, for in most cases captures were made and identities proved. The difference lay in the extent of proceedings under the life statute.

Furthermore, in Iowa in only one case, according to the "I. B. A.," did a county attorney ask for less than a life sentence and in that case the evidence was not clear as to identity; in Minnesota, of thirty men sent to prison for participation in daylight holdups, twenty-three were sentenced for terms less than life, having been allowed to plead guilty to offenses other than the one specified in its life statute or having been tried and convicted for lesser offenses.

IN OTHER words, Iowa authorities seem to have made the utmost use of the extreme penalty, while a goodly number of Minnesota authorities have



The motorcycle bank patrol employed by the Cook County Bankers Association to protect the banks of Chicago against holdups. The man in the sidecar is an expert rifleman, traveling fully armed

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seemed disposed not to resort to it. That, in itself, may account, in part, for the difference in results. At least, it raises the old and much discussed question of the merits of severity and certainty of penalty. But there is more to the situation—a peculiar contrast in conditions in the two states.

Charles D. Brown, for many years manager of the protective department of the Minnesota Bankers Association, believes, from his acquaintance with the criminal class, that the law has not had the desired effect simply because your bank robber does not figure on getting caught, and that he would continue about as active if the death penalty, even, were imposed for his crime.

"From this sort of crime, at least," Mr. Brown says, "I don't think severity of penalty deters the professional holdup, whatever effect it may have on the amateur. The professional thinks he's too clever to get caught, and so he goes ahead with his plans regardless of consequences to him if he should fail. He never thinks he'll fail. That's the chief trouble with all crooks. If they were actually as smart as they think they are, they wouldn't be crooks. They'd be wise enough to stop, or not begin.

"Possibly, our life law would have more effect on the number of daylight holdups if it were always invoked in disposing of captured daylight bank robbers, but that is only conjecture. One may speculate as to what the effect would be if every daylight robber, as caught, were charged with the offense named in the life statute, were convicted and given the life penalty."

Still one can be sure of this: while unfailing use of the extreme penalty in the past might not have reduced the number of daylight attempts on banks, it certainly would have meant thirty men in prison for life today—supposing no reduction—instead of seven, and thus have removed permanently an additional twenty-three from the field of potential future operators.

Negatively, however, it seems likely that, if the full rigor of the law is not visited on the captured daylight holdup, his fellows at large, granted that they know of its existence at all, will be inclined to regard it lightly. That is the Iowa point of view. True, some of the twenty-three Minnesota "daylighters" who drew the lighter sentences may have deserved less than life terms because of extenuating circumstances. At least, the courts thought so, as did county prosecutors who recommended acceptance of, or acquiesced in, pleas of guilty to charges carrying lighter penalties.

THERE is, in illustration, the case of one O'Leary who, alone and single-handed, held up the State Bank of Georgetown, in Georgetown, Minnesota, one noon in October, 1920. The cashier was alone in the bank, and this is what took place.

O'Leary presented a pistol and ordered the cashier to raise his hands. The cashier complied, but O'Leary was nervous—it being his first—and the gun went off, the bullet passing through the other's temple but did not inflict a mortal injury.

Horror-stricken at what he had done, O'Leary became all sympathy.

"Did I shoot you, Jack?" he asked, in awed solicitude. "Here—take this gun and kill me."

The cashier was too badly done up himself to accommodate.

O'Leary gathered up about seven hundred dollars in currency and ran out.

Not far from the bank he was confronted by the town butcher, armed with a shotgun, and a companion. The two had suspected something was wrong in the bank.

O'Leary stopped, on order, and upped with his hands.

"Take no chances with him," cautioned the butcher's companion; "I'd shoot him."

"Can't do that," replied the butcher, in tones audible to O'Leary. "This blamed gun isn't loaded."

Whereat O'Leary downed his hands and beat it. He ran a mile or so out of town, but was captured later in the day. It developed that he was a "moonshine" victim, and so hadn't been "responsible." His past record of comparative inoffensiveness—a saloon porter in the old days, without a police history—spoke for him. He was permitted to plead guilty to robbery in the first degree, for which the penalty is imprisonment for five to forty years, indeterminate. Yet he had entered the bank armed, had shot one of its officers and taken its money.

Here's another illustration of apparent flirting with the life act. One Chaffee entered the Shafer State Bank, Shafer, Minnesota, one day in 1923 when only a young clerk was in, and produced a pistol whose barrel, as the clerk later testified, looked like a horizontal chimney. The robber left with about $5,600 in currency, but was soon captured.

Chaffee was charged with "entering a bank wherein was a human being with intent to commit a felony therein," the offense defined in the life imprisonment statute. The presence of a human being in the bank at the time is the determining factor. Plainly he had violated the statute and did not deny it. However, when brought into court, the judge, in consideration of extenuating facts, consented to a plea of guilty of robbery in the first degree. The defendant had no criminal record, this seemed his first offense, he had recently lost his wife and had not been mentally normal since; he had two small children, creditors had been pressing him for payments due of about $5,000, which was the motive for the robbery, and all the stolen money had been recovered. "Five to forty."

Now the Minnesota statutes define robbery thus:

"Robbery is the unlawful taking of personal property from the person of another or in his presence, against his will, by means of force or violence, or fear of injury, immediate or future, to his person or property, or to the person or property of a relative or member of his family, or of any one in his company at the time of the robbery." (Section 8635, General Statutes, 1913.)

OBVIOUSLY, Chaffee had committed robbery all right, but in what degree?

The statutes continue, Section 8636:

"Every such unlawful taking, if accompanied by force or fear, in any case specified in Section 8635, shall be robbery in the first degree—

"1. When committed by a person armed with a dangerous weapon; or

"2. By a person aided by an accomplice actually present; or

"3. Whenever the offender, in order to accomplish the robbery, shall inflict grievous bodily harm or injury upon the person from whose possession, or in whose presence, the property is taken, or upon his spouse, parent, child, servant or member of his family, or any one in his company at the time."

It developed on Chaffee's arrest that

## The Life Statute in Minnesota

**Chapter 10, S. F. No. 53, Special Session Laws of 1919, Minnesota**

**"Life Imprisonment for Bank Robbers.—Every person who with intent to commit a felony therein by means of threats, force or violence, shall enter at any time, any room wherein in whole or in part a general banking business is carried on, or any room wherein, in whole or in part, the business of receiving securities, evidences of debt or any other valuable papers for deposit or safekeeping is carried on, or wherein, in whole or in part, a business of general banking and receiving securities, evidences of debt or any other valuable papers, on deposit or for safekeeping, is carried on, in which there shall be at the time a human being, shall be guilty of a felony and punished by imprisonment for life in the state prison."**

the only semblance of a "dangerous weapon" in his possession when in the bank had been a little toy pistol which he had bought at a "five-and-ten" store in Minneapolis. He had thrown it away in his flight, and it had been found where he indicated. There was no evidence of an accomplice. Also, he had not inflicted "grievous bodily harm or injury" on anyone.

Had he committed robbery in the first degree? Yet, he is serving time under sentence for that crime.

In the daylight bank holdups in Minnesota committed since the life statute was passed, four robbers were killed on the job, or soon after, which achievement possibly should be considered in computing the score. In four cases, no captures were made. No trials ended in acquittals, though one ended in a disagreement. In the majority of cases, defendants pleaded guilty rather than stand trial, but it is significant that, with four exceptions, the pleas made and accepted were for offenses other than that of the life statute, from first degree robbery to second degree burglary. In at least one instance, the men captured were known to have committed more than one of the twenty-eight holdups, though tried for only one.

Why, if there are specific reasons, are Minnesota authorities seemingly so backward, if not reluctant, to proceed under the life act? For one thing, there is ground for suspecting that some county attorneys may not know that the law exists. Daylight holdups have been committed in twelve counties since the law was passed. The convictions under the law have been in five counties, two counties scoring two convictions each. The Minnesota Bankers Association, having succeeded in getting the act enacted, seem disposed to let it rest on the books, leaving it to prosecuting authorities to use it or not as they see fit. The association apparently has not made special effort to direct attention of prosecuting authorities to the existence of the statute or to the desirability of action under it.

Not so in Iowa. Frank Warner, secretary of the Iowa Bankers Association, says that the state association has joined with county bankers' associations in urging county attorneys to proceed under the life act. In the light of this statement, the fact is peculiarly impressive that, as already stated, "in only one instance did a county attorney ask for less than life sentence in a case of daylight stick-up."

Mr. Warner in his annual report for 1924 submits: " . . . in addition to the Vigilance Committee Organization is the other chief reason why bank robberies had to stop in Iowa—vigorous follow-up investigations, vigorous prosecutions by the state agents, county attorneys, sheriffs and other Iowa law-enforcing officers, aided wherever possible by your state association."

Another reason for the comparatively infrequent use of the Minnesota life act for holdup is, undoubtedly, a feeling that, the penalty being the same as for murder—Minnesota being a state that has abolished capital punishment—to invoke the statute in every case would be an inducement to robbers to shoot persons in the bank in order to make escape more certain; with no greater penalty, there would be no deterrent of committing murder at the same time. By killing the persons who might later identify the robber in event of his capture, he makes more likely an escape from the consequences of his act. In addition, the impression is widespread, noticeably among lawyers, that there should be some distinction in the punishment where human life is taken in a bank robbery.

In the twenty-eight holdups since the Minnesota life act was passed, two bank employees were shot, one of whom later died.

THIS seems the nub of the whole situation as between the two states, for Iowa still retains capital punishment for murder in the first degree. Thus in that state there is a difference in severity between the penalty for bank stick-up unattended by murder and one attended by murder. By that very fact, an inducement is offered the robber to refrain from shooting. Whether he accepts the offer, and is influenced thereby, is matter for debate.

The Iowa statute defining first degree murder reads: "any wilful, deliberate or premeditated killing, or which is committed in the perpetration or attempt to perpetrate any arson, rape, robbery, mayhem or burglary."

At least one Minnesota county attorney, in whose county several holdups have taken place in the last five years, considers the life act unwise and declares that he refrains, from choice, from proceeding under it. He holds that, as long as the law imposes no greater punishment for murder, to insist on life sentences for holdups simply conduces to encouraging murder.

To this, by the way, Manager Brown of the protective department does not agree. "The experienced stick-up man is always armed," he says, "and for a purpose. He means business. He will shoot without a moment's deliberation, if hampered. He will do so regardless of penalties. The fact that he goes into a bank with a gun means just that."

With this situation obtaining in Minnesota, has the life act proved pretty nearly useless? Not at all. While one has no direct evidence that it has been so used, there is plenty of evidence to show that it has proved a convenient weapon for influencing defendants to plead guilty to first degree robbery or to a lesser charge. Such pleas, when accepted, obviate the burden and expense of trials and also, incidentally, raise the batting average of county attorneys for "efficiency and economy." It is more than possible, on the other hand, that the existence of the life statute presents to defense attorneys a means of winning a half loaf for their clients by advising them to plead guilty to a lesser offense.

But as to whether severity and certainty of penalty for bank holdup are deterrents of commission, the Minnesota experience offers no conclusions; there has been no real test because the extreme penalty has been sought and imposed too seldom—seven times out of thirty opportunities, not once in four. What wonder if yeggs, seeing it so rarely applied, are not much impressed?

It is akin to a question that occupied many minds during and after the great war: "Has Christianity failed?" To which the answer was, "No; it has never been tried." The Minnesota life statute for bank holdup has hardly been tried.

Meanwhile, the holdup man disports in various states. These figures of the trend of bank attacks in Missouri, furnished by the Missouri Bankers

(Continued on page 52)

## The Life Statute in Iowa

Section 13002, Code of Iowa, 1924

"Entering bank with intent to rob.—If any person shall enter or attempt to enter the premises of a bank or trust company or banking association, with intent to hold up and rob any bank or trust company or any banking association, or any person or persons therein, or thought to be therein, of any money or currency or silver or gold or nickels or pennies or of anything of value belonging to said bank or trust company or banking association, or from any person or persons therein; or shall intimidate, injure, wound, or maim any person therein with intent to commit such holdup or 'stick-up' or robbery, he shall, upon conviction thereof, be imprisoned in the penitentiary at hard labor for life, or for any term not less than ten years."

NOTE: Under the Iowa indeterminate sentence act, the minimum sentence does not apply. The court has no discretion but must impose the maximum sentence.

# With the Camera



COPYRIGHT, KEYSTONE

Excited groups in London's financial district discuss first news of the rise of the bank rate



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Said to be the oldest building in the United States that has housed a bank continuously—home of the New York State National Bank, Albany, N. Y., erected in 1803



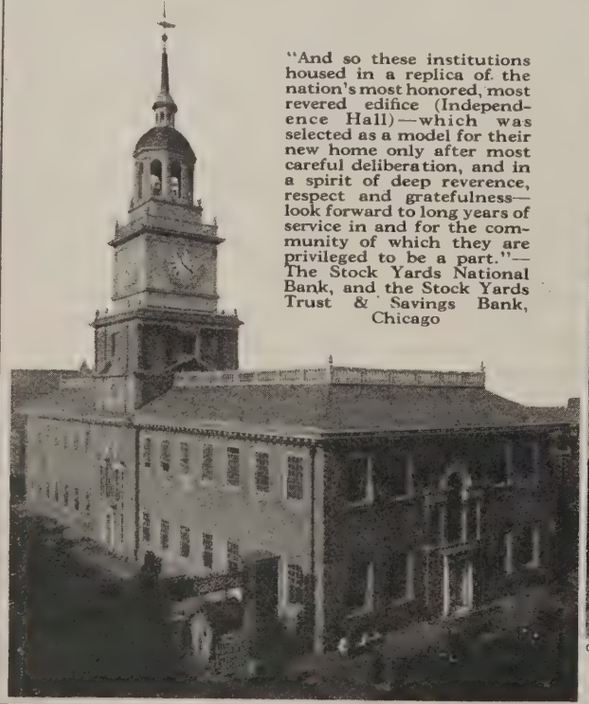
COPYRIGHT, EWING GALLOWAY

Hauling in raw silk to be deposited as collateral in the storage room of a bank of Kyoto, Japan



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This building is said to have been the home of the first bank in California, in Coloma, Eldorado County, established by the Chinese attracted there by the discovery of gold



"And so these institutions housed in a replica of the nation's most honored, most revered edifice (Independence Hall)—which was selected as a model for their new home only after most careful deliberation, and in a spirit of deep reverence, respect and gratefulness—look forward to long years of service in and for the community of which they are privileged to be a part."—The Stock Yards National Bank, and the Stock Yards Trust & Savings Bank, Chicago



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All on a Sunday morning—$250,000,000 in securities moved from the Metropolitan Trust Company to the Chatham Phenix Bank & Trust Company when the two institutions merged

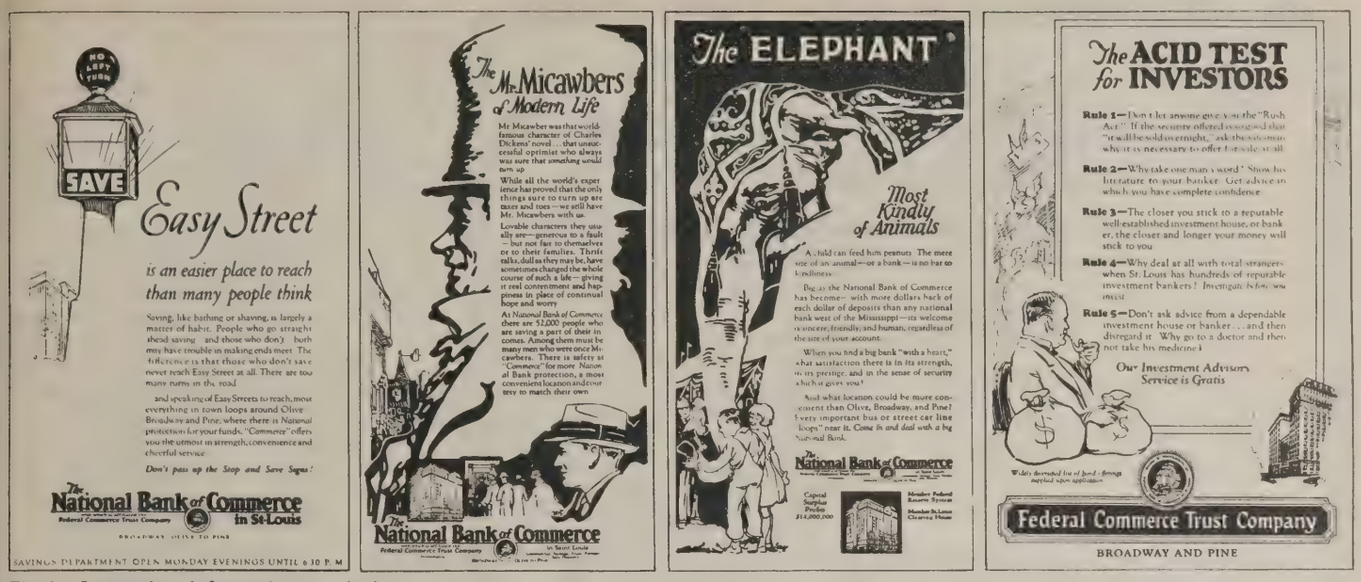



Fig. 1. Interesting, informative, convincing

# Copy Interesting and Productive

## The Strong Newspaper Advertising of a Big St. Louis Bank—and Some New Business Suggestions Worth a Trial

*By* T. D. MACGREGOR
9 Hanover Street, New York City

THE first bank advertisement I ever wrote was for the National Bank of Commerce in St. Louis. That was back in 1907—just before the panic. (No causal connection is implied.) Banks did not advertise then as they do now. But the National Bank of Commerce in St. Louis was progressive in those days as it is today. So it was a pioneer in modern bank advertising. How far it has gone is illustrated by the four newspaper advertisements, including one of the affiliated Federal Commerce Trust Company, which are reproduced herewith (Fig. 1).

I think these advertisements are good because they are interesting and informative. They are interesting because they attract attention. They are informative because they give some real facts about banking and thrift. They attract attention because they are large (10 inches x 3 columns), well illustrated, well laid out and well set. The combination of these good features makes the advertisements convincing and I am not surprised to learn that they proved resultful.

PRIVATE post cards now cost two cents to mail but some advertisers will continue to use them in preference to the regular United States postal card. At some time or another you will be enclosing a reply post card with advertising literature you send out. You will want to get back as many replies as possible. There is no fixed rule as to what the percentage of returns ought to be. That is likely to differ with the class of prospects addressed, the kind of appeal made, and the extent to which signing and returning the card obligates the one who returns it. The card may contain a request for further information regarding a life insurance trust, for instance, or it may give permission for a representative of the Bond Department to call.

Experience seems to prove that a reply card printed on colored stock rather than on plain white paper will pull more replies, other things being equal. If the stock of the booklet or other piece of advertising literature is colored, the reply card should be of a different color, harmonious but contrasting. The card should be vitalized from a typographical standpoint. A suitable illustration would help it to do its work more effectively. If you consider that a reply is worth enough to you, stamp the card. That will increase your returns. In any event, on the space where the stamp is to be put, print some such message as these:

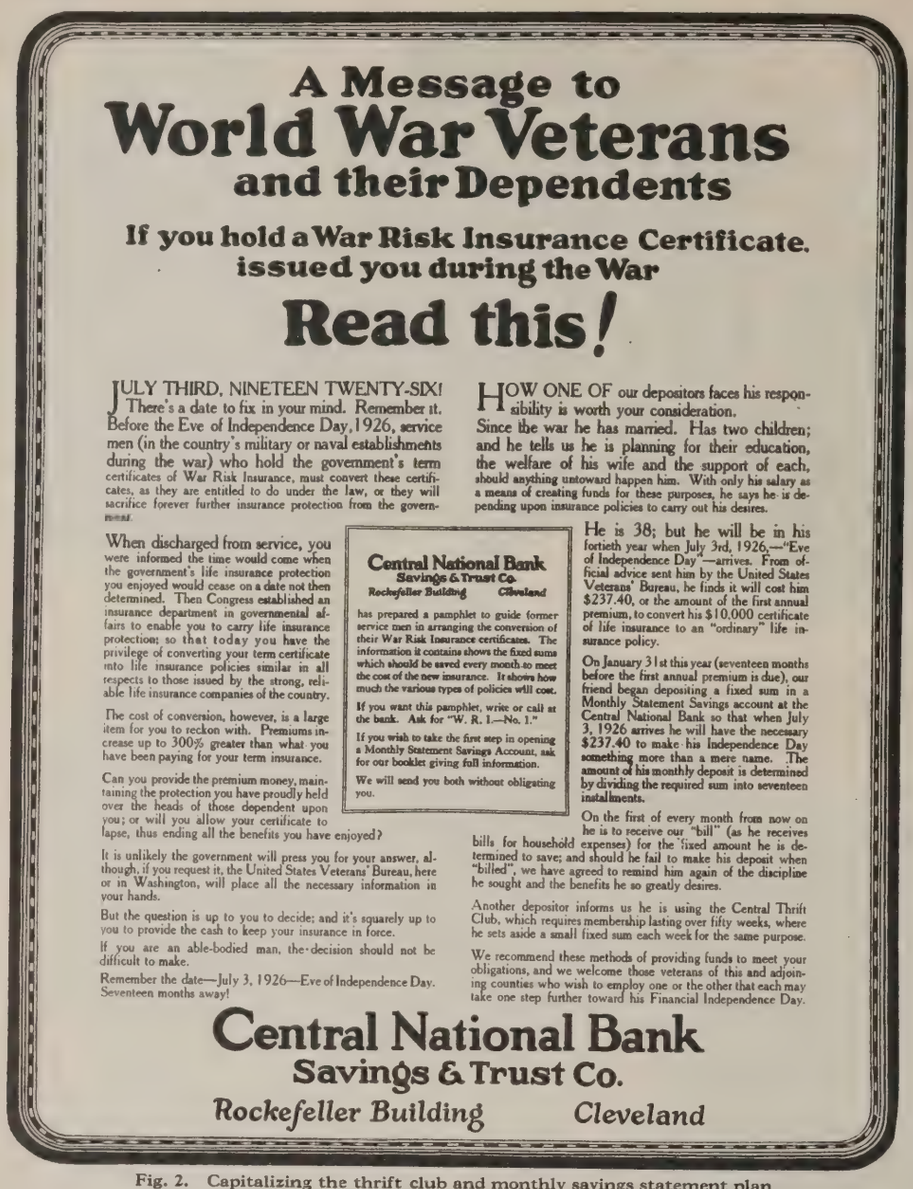
"You can't invest 2 cents
to better advantage"

"Send me back for it"

"Stamp and mail me today"

IT IS NOT safe for any bank to assume that "once a customer always a customer." Cultivate your customers and serve them to the best of your ability if you want to hold them. It is not possible to call upon them all personally or even on any considerable number of them, but you can keep in touch with them by printed matter sent by mail or distributed by messenger. Your regular customer has confidence in you and will read with interest any printed matter you may send him. If he is friendly already he will be more so after reading your message. He will feel that you not only value his business but also esteem him personally. Besides all this, experience has proved that it pays in actual business to cultivate present depositors. Most banks will testify that a large proportion of new depositors come to them as a result of the recommendation of old ones.

CHILDREN'S savings accounts don't amount to much in the way of present balances but they can mean much in the way of good will and future business. Some banks make special provision for youthful depositors, such as a little platform for the children to step on to enable them to reach the teller's window easily. Your teller must be very patient and kindly if you want to encourage the children to deposit at your bank. Preferably he should be the father of young children himself thus knowing by experience how to deal with them. An occasional inspection of your bank by classes from the public schools of your city will prove



A Message to
World War Veterans
and their Dependents

If you hold a War Risk Insurance Certificate. issued you during the War

Read this!

JULY THIRD, NINETEEN TWENTY-SIX! There's a date to fix in your mind. Remember it. Before the Eve of Independence Day, 1926, service men (in the country's military or naval establishments during the war) who hold the government's term certificates of War Risk Insurance, must convert these certificates, as they are entitled to do under the law, or they will sacrifice forever further insurance protection from the government.

When discharged from service, you were informed the time would come when the government's life insurance protection you enjoyed would cease on a date not then determined. Then Congress established an insurance department in governmental affairs to enable you to carry life insurance protection; so that today you have the privilege of converting your term certificate into life insurance policies similar in all respects to those issued by the strong, reliable life insurance companies of the country.

The cost of conversion, however, is a large item for you to reckon with. Premiums increase up to 300% greater than what you have been paying for your term insurance.

Can you provide the premium money, maintaining the protection you have proudly held over the heads of those dependent upon you; or will you allow your certificate to lapse, thus ending all the benefits you have enjoyed?

It is unlikely the government will press you for your answer, although, if you request it, the United States Veterans' Bureau, here or in Washington, will place all the necessary information in your hands.

But the question is up to you to decide; and it's squarely up to you to provide the cash to keep your insurance in force.

If you are an able-bodied man, the decision should not be difficult to make.

Remember the date—July 3, 1926—Eve of Independence Day. Seventeen months away!

Central National Bank
Savings & Trust Co.
Rockefeller Building Cleveland

has prepared a pamphlet to guide former service men in arranging the conversion of their War Risk Insurance certificates. The information it contains shows the fixed sums which should be saved every month to meet the cost of the new insurance. It shows how much the various types of policies will cost.

If you want this pamphlet, write or call at the bank. Ask for "W. R. I.—No. 1."

If you wish to take the first step in opening a Monthly Statement Savings Account, ask for our booklet giving full information.

We will send you both without obligating you.

HOW ONE OF our depositors faces his responsibility is worth your consideration. Since the war he has married. Has two children; and he tells us he is planning for their education, the welfare of his wife and the support of each, should anything untoward happen him. With only his salary as a means of creating funds for these purposes, he says he is depending upon insurance policies to carry out his desires.

He is 38; but he will be in his fortieth year when July 3rd, 1926,—"Eve of Independence Day"—arrives. From official advice sent him by the United States Veterans' Bureau, he finds it will cost him $237.40, or the amount of the first annual premium, to convert his $10,000 certificate of life insurance to an "ordinary" life insurance policy.

On January 31st this year (seventeen months before the first annual premium is due), our friend began depositing a fixed sum in a Monthly Statement Savings account at the Central National Bank so that when July 3, 1926 arrives he will have the necessary $237.40 to make his Independence Day something more than a mere name. The amount of his monthly deposit is determined by dividing the required sum into seventeen installments.

On the first of every month from now on he is to receive our "bill" (as he receives bills for household expenses) for the fixed amount he is determined to save; and should he fail to make his deposit when "billed", we have agreed to remind him again of the discipline he sought and the benefits he so greatly desires.

Another depositor informs us he is using the Central Thrift Club, which requires membership lasting over fifty weeks, where he sets aside a small fixed sum each week for the same purpose.

We recommend these methods of providing funds to meet your obligations, and we welcome those veterans of this and adjoining counties who wish to employ one or the other that each may take one step further toward his Financial Independence Day.

Central National Bank
Savings & Trust Co.
Rockefeller Building Cleveland

Fig. 2. Capitalizing the thrift club and monthly savings statement plan

instructive for the children and beneficial to the bank. The school children of today are the business men and women, the householders of tomorrow. Let them get well acquainted with your bank and realize that it is a friendly and helpful institution. Later on you will reap the benefit.

REGARDING the World War Veteran advertisement of the Central National Bank Savings & Trust Company, Cleveland (Fig. 2), Robert J. Izant, manager of the Advertising Department, writes:

"There really isn't a great deal to say with regard to our recent newspaper splash, except that we tried through it to merchandise an old product in a new way. The Monthly Statement Savings Plan, which we advocate, is an enterprise of some four years or more standing, while the thrift club is as old as the hills. We have had some results from the advertising, principally in the nature of inquiries from all parts of the country—as far west as Colorado Springs—and for that reason we believe the advertising served its purpose as publicity.

"We are told also by the United States Veterans' branch office here, that their business was greatly stimulated on the days following this advertising; that applicants and inquirers were obliged to wait in line for some little time.

"So you see there isn't very much of a business development angle to this advertising, but judging it from an editorial angle, I would say the advertisement, while not unusual in any respect, serves to show how news may be manufactured. For example, on the day when the full page ran in the *Cleveland Plain Dealer*, occupying the back page, on page one was an under-cut story based upon this idea exclusively. This occurred quite by coincidence, but it serves also to show that in a live newspaper, news drifting in by whatever channel soon finds its way to the city editor, thanks to the co-operation in the organization. Of course the hook-up was most gratifying to the advertising bank."

# Seven Years of Baby Accounts

*By* W. J. TAYLOR
First National Bank, Wisconsin Rapids, Wis.

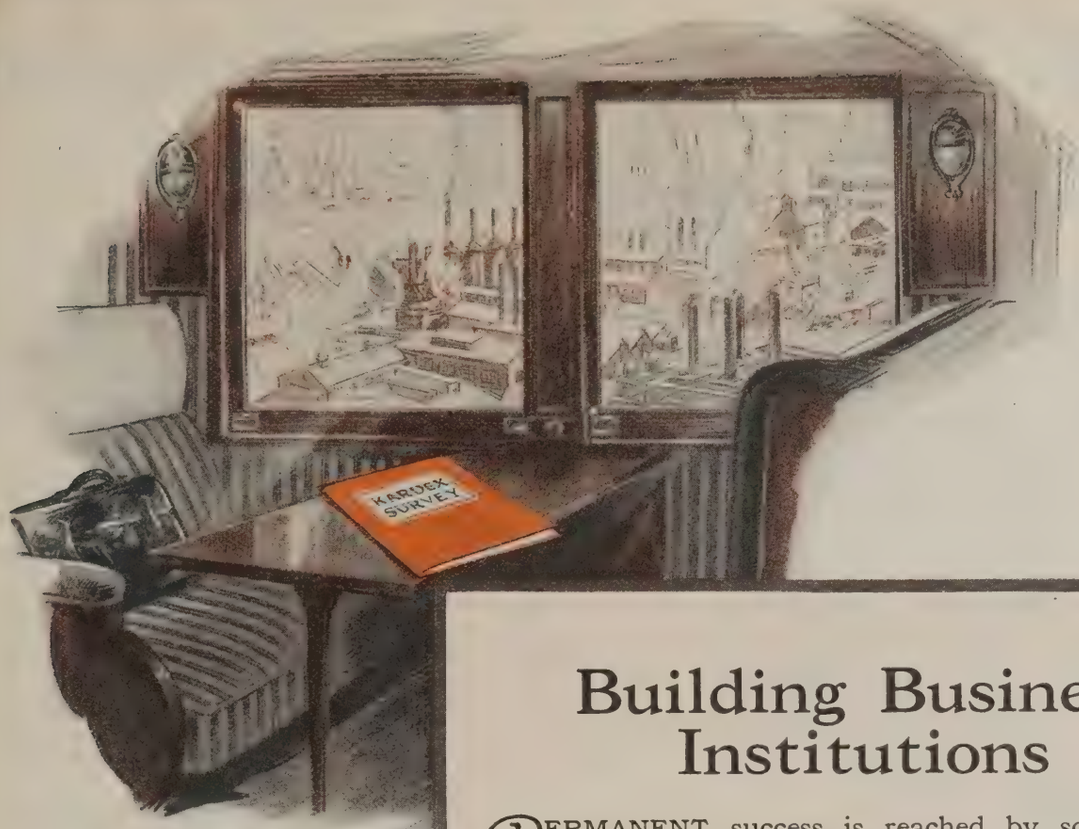
PROBABLY every form of analysis has been applied to bank depositors and their balances except age analysis. When one of our directors at a recent meeting half jokingly asked whether or not it was possible to estimate the ratio of junior to adult depositors, quite a surprise was registered when the reply indicated that of 4,000 depositors registered in our savings department, 774 were the accounts of mere infants all under seven years of age, with the greatest majority between the ages of one day and four years.

This comes about as the result of a plan initiated seven years ago to furnish newborn children with a Baby Savings Pass Book, the bank having first placed the sum of $1.00 to the credit of the child, and then sending it to the parents soon after the birth of the child together with an appropriate letter, calling attention of the parents to the advisability of depositing regularly in the account. Birth lists received each month are carefully scrutinized and names chosen to whom Baby Savings Books are mailed. On January 1, 1925, we made an analysis of all such accounts and found that out of 921 opened over the seven-year period there remained upon our books 774 with a total balance aggregating $9,011.37, representing an average of $11.64 per account with the division of balances as follows:

| | | |
|---|---|---|
| $100.00 and over | | 8 |
| 50.00 to | $100.00 | 28 |
| 25.00 to | 50.00 | 63 |
| 10.00 to | 25.00 | 148 |
| 1.00 to | 10.00 | 527 |

We also found that 281 accounts had not changed from the original dollar deposit, but it is fair to say that a rather large percentage of the dollar accounts represented those placed upon

(Continued on page 48)




# Building Business Institutions

PERMANENT success is reached by solving the problems of business management, by making automatic the safeguards against loss and failure, by setting up operating principles that bring healthy growth and avoid dangerous business practices.

Kardex Institute has been founded that more men might realize their ambition to build a successful business institution.

Its province is the study of forces that influence business management—the methods that make success permanent.

The Institute provides two services: the four Institute Reports issued each month give the facts on the business trend and describe proved management methods; the Institute staff of business experts is available to you as a member for consultation or correspondence upon your individual problems.

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# KARDEX INSTITUTE

*Devoted Exclusively to Business Education and Research*

Room 608, 10 E. 44th Street, New York City

LONDON PARIS BERLIN TORONTO




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# This Is Banking in San Salvador

## Business Methods and Vastly Improved State of Affairs That Make Central America a Very Desirable Neighbor

*By* M. E. CHASE

ONE hot day last February, I dropped into the white and spacious main office of the Banco Agricola Comercial in San Salvador, C. A. Having but a few minutes to spare before our ship sailed, and not being armed with a letter of introduction, I merely looked about; then stepped up to one of the tellers to remark that they had a very nice bank. While he was replying in labored English, a clerk touched me on the arm and indicated that the "Director Permanente" wished to speak with me. I followed him through the gate to Sr. Duke's desk.

"Buenos dias, senor," I said, using 25 per cent of my Spanish vocabulary.

In easy English, that gentleman asked me to be seated. I repeated my praise of his bank and of his fascinating city. "Yes, San Salvador is no hick town," he spoke my own United States. "I wish you might have visited us a little bit later when our streets were not torn up for laying sewer pipe," he went on.

"Ours is a progressive city in a very progressive little republic. While El Salvador is the smallest of these five Central American republics—it is about the size of your New Jersey—and while it is the poorest in natural resources, it stands at the top of the class in economic and financial soundness. For years now, our money has not fluctuated. It is as stable as your own. Today two pecos are par with an American dollar. They were last month. They will be next month." He betrayed genuine pride.

"In thirty years, we have had no revolution. Our people are industrious—they have had to be, for El Salvador, a country of many mountains and little valleys, has long periods with no rainfalls. So you can understand that it has taken a great deal of pluck and intelligent hard work to put us at the head of the class. The feudal land system is practically no more in El Salvador. Our land is divided up into little 'haciendas,' individually owned, and worked intensively to produce coffee, sugar, bananas. Everybody prospers in a small way."

"Are these people building up savings accounts in your banks?" I asked.

"No. While the masses use the banks more in our country than in other Central American republics, they do not use them to the extent that the working class in your United States does. Farming is our big industry. And money from that comes in lump sums, so that C.D's, as you call them, adequately furnish a means of safeguarding a farmer's surplus until he needs it for his next crop, or to buy more land. So that certificates of deposit, upon which he draws interest, take the place of savings accounts in our country."

"What class of security is most popular with those who have money to invest?" I queried.

"For the most part, our people put their money into haciendas—*mas grandes haciendas* and the cultivation of larger crops. When they do otherwise, it is usually to buy guaranteed customs bonds, or to lend against land."

"Then your banks do not maintain investment departments as do ours?" I asked.

"No," he answered, "nor do we have trust departments serving as executor, trustee, etc. It is our custom for a member of the family to act in such capacity. In our country, checking account, certificate of deposit, safe deposit and loaning against land and crop facilities, take care of the requirements of our people very satisfactorily," he explained.

Sr. Duke was perfectly at home with our idioms; he was also familiar with our banking system. For after being educated at one of our universities, he went into a Wall Street bank. With several years of that experience, he returned to El Salvador and established the Banco Agricola Comercial in San Salvador, and eventually branches in Santa Ana, Sandiego de Maria, Sonsonate and Cojutepeque.

HIS own family owns 98½ per cent of the 15,600 shares of his bank's stock. (Our bankers regard it a prime advertising point to be able to say that the bank stock is widely held.) That is very much Central American. These people are individualists, whereas we are collectivists. They do not pull well together. Indeed it is the rare exception for a Central American to be interested in anything but his hacienda upon which (in Costa Rica, Guatemala, Nicaragua and Honduras more than in El Salvador) a hoard of peons cultivate coffee, sugar, bananas, tend cattle for 30 to 60 cents per day. This enables the Senor to come and go at will, leisuring along with no one's pleasure to take into account but his own.

If a Central American elects to educate his sons for business men instead of

(Continued on page 32)

**Banco Agrícola Comercial**
**Fundado en 1895**

San Salvador
República de El Salvador
C. A.

| | | |
|---|---|---|
| CAPITAL AUTORIZADO | ¢ | 5.000,000.00 |
| CAPITAL PAGADO | „ | 1.560,000.00 |
| FONDO DE RESERVA | „ | 265,000.00 |
| FONDO PARA EVENTUALIDADES | „ | 490,000.00 |

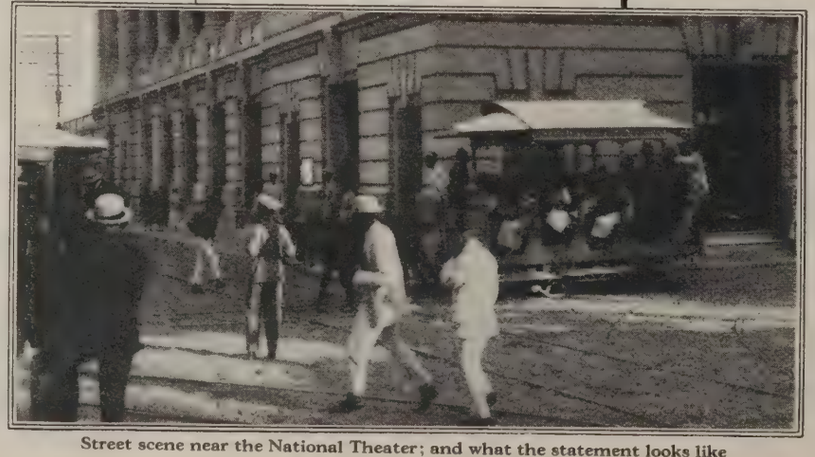
**Junta Directiva:**

Rodolfo Duke
Director Permanente.

José González A.
1er. Director Consultor.

Rafael A. Echavarría
2º Director Consultor.

F. S. Badgerow
Gerente.



Street scene near the National Theater; and what the statement looks like

## ECONOMIC TRENDS IN THE ELECTRICAL INDUSTRY




# Your market basket tells an *Electrical* story

It would be a good household manager who could pay more for food, set a better table, and still not increase her table allowance.

It is a good business manager who can pay more for labor and raw materials, yet sell the thing he manufactures for less.

The management of your electric service company has found a way to do this. Coal, wages, machinery, building materials — all are higher today than they were in 1913. Yet the cost to you of electricity is *lower*.

Paraphrasing the words of Abraham Lincoln, electricity is "of the people, by the people, for the people." Few industries are more democratically owned, than the electric service companies. One out of every sixteen customers is a stockholder. Few industries serve as many different customers—13,000,000 homes, 2,500,000 businesses

Few industries operate under the same public supervision and regulation.

Your dollars for food, for clothing, for housefurnishings, for fuel buy you *less* than they did ten years ago. Your dollars for electricity buy you *more*.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
EAST PITTSBURGH, PA.

# Westinghouse

# Thousands of Banks

## know what we're doing . . .

We want *you* to know also

THROUGHOUT America today there are thousands of banks who will tell you what Super-Safety Bank Checks can do as an aid to building business and increasing deposits.

But this is directed to you—who may, perhaps, have seen our advertising before, but who have never gone farther than that. And we give you these facts because we have something important to say to *all* banks.

SUPER-SAFETY BANK CHECK

The Bankers Supply Company, makers of Super-Safety Bank Checks, has been purchased by The Todd Company. Thus greater service than ever before is made available to the banks of America. Two staffs of experts now combine their efforts to give you valuable merchandising help for the building of your business. Two technical staffs now combine to develop protective methods even more effective for your depositors.

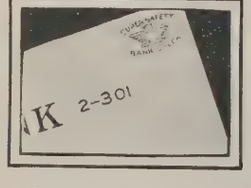
Controlling our own factories, this union of aims and efforts means still finer, more valuable banking supplies for you. Greater speed in handling your business. Closer contact with customers through strategically located branches, and our large staff of representatives, men trained and experienced in practical banking work.

***New ideas you can use***

Of our unusual plan to help banks merchandise their service—on the principle used in merchandising *commodities*—we can tell you facts and give you plans that will help to build a surprising amount of new business.

There is, for instance, our year-'round local advertising service—that adds nothing to your present operating costs. Our plan—now in operation—for educating people on the many values of banking and *how to bank*. What we are doing to help you solve the "small account" problem.

Get these facts. Today.




BANKERS SUPPLY COMPANY, Division
THE TODD COMPANY
5948 So. State Street, Chicago

*Business-Building Merchandise for Banks*

New York CHICAGO Rochester
Denver Dallas

***Super-Safety Bank Checks protect depositors against check fraud. They are made of the safest check paper supplied by any bank.***


(Continued from page 30)

gentlemen, as was the old custom, it is for one of the professions—doctor, lawyer, etc. He sends his sons to the States for business education; to Europe to become a graceful idler. That El Salvador's choice has favored the States, is reflected in her enviable stability.

Civic improvements such as roads, sanitation, hospitals, etc., are put in by foreigners with foreign capital. I talked with such passengers aboard the *S. S. Venezuela* as a member of the Foreign Relations Committee from Nicaragua, Inspector of Consulates from Panama, a Central American doctor, the son of a large landholder, a United States doctor who had been doing research work for the Rockefeller Institute, and an American banker representing a Wall Street bank with heavy interests in Central America. I asked many in San Salvador why their own moneyed people did not put in their improvements and keep foreign interests from gaining that hold in their countries. The universal reply was: "But your capital does that for us and so permits us to buy more land and raise larger coffee crops and to become individually more wealthy."

Of the twenty million bags of coffee (one hundred fifty pounds each) raised in the world, four millions come out of Central America. At every port we loaded on coffee. Back in 1919 and 1920 when the coffee boom was on, the borrowing at the banks was so heavy that only now are some of these big land owners crawling out from under the effects of the slump that followed in 1921. With a few exceptions—for instance, the Duke bank—the banks, not owned by the Government, are held by American and English. Practically all banks are manned by foreigners.

There is the long midday siesta from 12:00 till 2:30—time enough for a leisurely luncheon and a nap. Whereas in our banks we see many people bustling in and out all day long, very few people comparatively enter the San Salvador banks. Officers and employees move leisurely—no hurry, there is a tomorrow.

WITH a single exception, there is no woman working in a bank down in these republics. The men explain that men give better service. Perhaps another reason is that only the sons of "first families" are eligible to bank positions, and the young ladies from these families have not yet caught the North American germ for "going into business." They are content to take *desayuno* in bed, languor about in Paris gowns, gossip among themselves and wait for the moonlight serenade of a Central American sheik. The peon women, and children—along with yoked oxen—are the beasts of burden. They are to be seen any time of day, carrying large bundles nicely balanced upon their heads.

While San Salvador and other cities of Central America, are not "hick towns," they are a fascinating commingling of civilization and primitiveness—Packard automobiles and yoked oxen; traffic cops and horse cars. The mode of living, at best, is crude compared with our own. Our bank clerk who might go down there would miss many of the ordinary comforts of life. They are simply not to be had.

But the point is, Central America has made proud strides away from perpetual revolutions since the time when that state of affairs was one of the deciding factors against building the canal through Nicaragua, and favoring Panama. Not a small factor in that progress has been United States influence. Their children are being educated in our schools. The Rockefeller Institute is ridding Central America of the yellow-fever-breeding mosquito and teaching sanitation. U.S. dollars are facilitating shipping and civic improvements. Our Wall Street banking interests long ago made it possible for these republics to put their monetary system on a stable basis. It is interesting to know that the 70 per cent gold reserve behind their currencies, is held in New York.

And this improved state of affairs has lulled them to a more peaceful existence among themselves; made them socially better neighbors, and economically very profitable neighbors for the United States.

## Diverting the Special Deposit

*By* M. L. HAYWARD

"THERE'S $100 that I want to leave here to pay a check in favor of X, and for no other purpose," the customer explained, the bank accepts the money,

Y presents a check for $100, the bank charges it to the customer's account and credits it to Y's account, discovers the error, revokes the credit on Y's account, and uses the money to pay X's check, as instructed by the customer.

Can Y compel the bank to account to him for the money?

This point came before the Alabama Court of Appeals in a recent case reported in 95 Southern Reporter, 920, and the decision was in favor of the bank on the ground that, "An erroneous or temporary diversion of the money by one of the officials of the bank was not binding on it in such sense as that it could not recharge the money to the mistaken account, and credit it to the proper one."

# *Have you an* INVESTMENT POLICY *and does it* FIT *your bank?*

THE thing of first importance in enabling us to give the service we are capable of giving to banks is to know the policy which underlies the bank's choice of bonds. This policy should be determined, of course, by the bank's circumstances and the character of its business. Once the right policy is established and understood between the bank and ourselves, we then know what bonds to offer a given bank and its decisions are more easily made.

In this connection, a series of articles on "A Bank's Bond Account," written by one of our officers, is appearing in the following financial journals:

*The Bankers Monthly, Chicago*
*Michigan Investor, Detroit*
*Finance and Industry, Cleveland*
*Mid-Continent Banker, St. Louis*
*Hoosier Banker, Indianapolis*
*Central Western Banker, Omaha*
*Southwestern Bankers Journal, Ft. Worth*
*The Coast Banker, San Francisco*
*Bankers Home Magazine, New York*
*The Bank Director, New York*
*Money & Commerce, Pittsburgh*
*The Southern Banker, Atlanta*
*Ninth District Banker, Minneapolis*
*Western Financier, Kansas City*
*Northwestern Banker, Des Moines*
*Mountain States Banker, Denver*

If you do not have opportunity to read this series of articles we shall be glad to send you reprints of them as they are published.

You will find it worth while to read all of these articles. They go very thoroughly into the subject of investment policy—show clearly its essential importance—may give you a better viewpoint.

*Write us that you would like to receive reprints of our articles on "A Bank's Bond Account." They will be sent gladly, without obligation on your part.*

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POST YOUR ACCOUNTS
WITH
"Security"



*The Barnard "Security" Combination consisting of the following units:*

1 "Security" Cabinet
1 Transfer Case
1 Combination Stand

The Cabinet and Transfer Case each have a capacity of 1,500 accounts.

Cabinet locks automatically when bookkeeper is not at work on accounts.

*Let us tell you the story of "Security."*

**GEO. D. BARNARD STATIONERY CO.**
ST. LOUIS

# The Compound Interest Column

*By* DON KNOWLTON

BEING admittedly generous and open-hearted by nature, we persist in donating business-getting ideas.

Here's another:

Install an air tank under the sidewalk in front of your bank, just as they do at the filling stations.

Then when a customer drives up to make his deposit, you can have a bank attendant test all his tires and fill them to the proper degree of inflation.

"Free air" in one form or another has long been an established form of banking service. Why not put it to some practical use?

Slogan: "You can't go flat if you bank with us."

They say that a young woman was recently apprehended as sales manager of a bunch of blue-sky salesmen, who sold fake stock. There was some doubt as to whether she could be prosecuted, as she had not done any actual selling herself. The prosecutor and the judge, however, experienced no difficulty. She was convicted of using the males to defraud.

Chandelier salesmen always favor basketball practice in bank lobbies.

What a wife says about her husband's friends sometimes "ain't nothin'" compared to what the credit department says about some of the funny customers the new business department brings in.

This is funny in spite of the fact that it's true. A certain mid-western bank advertises what it calls its "$1,000 Club," whereby the customer "buys $1,000 for $925.45" by "paying in" $4.45 per week for forty-eight weeks. The other day a customer came in and wanted to borrow $1,000, paying back $925.45 at the rate of $4.45 a week!

We know a safe deposit man who calls his vault the "zoo," because of the cats and dogs.

The chap who tries to see the president without an appointment sometimes experiences the wait of authority.

Another good gesture of interest in public welfare and all that sort of thing would be to join the "swat 'em" movement and offer a savings account to the boy who brought in the largest number of dead flies. Besides, counting the corpses would give the bookkeepers something to do during the dull summer months.

Which reminds us that it is never good banking policy to place sticky fly paper where it might be sat on by the vice-president's wife. A woman never enjoys becoming quite so intimate with the details of her husband's business.

How about a drinking fountain for stray dogs? We just can't keep away from these service ideas.

To be successful, a banker must do that which is expected of him. Therefore he must buy at wholesale prices, give generously to charity, play golf and say "on the other hand," whether he will or no.

It is not an easy life. If a banker expresses a frank opinion, he is "dangerous." If he expresses no opinion at all, he is "tight-lipped." If he is lavish in his gifts to the poor, they say he is fabulously wealthy—if he does not give at all, he is branded as being "stingy." If he plays golf well, they say he keeps "banker's hours" and has lots of time to practice—if he plays golf poorly, they say he is no banker.

But then, "he who laughs last laughs best," as the note said to the collateral.

Note for office boys—balloon pants should be equipped with weights, for windy days.

In King Arthur's day the venturesome man put on a suit of armor and went through life on a charger. Nowadays he changes his address and goes through life on a charge account.

"No, I don't believe in signs," said the cashier to the billboard salesman, "and besides it's Friday, the 13th."

*Batting for the Muse*

Dear Sir:

Here it is. However, this morning it strikes me that the verse is rotten*. It doesn't seem to mean anything—which is one trouble I find with my verses. Sometimes I polish them up and put an idea in here and there, or a little sense—but that's so much bother and in this case I guess rather hopeless. But I think there is enough prose so that you won't need the verse unless by some chance you should happen to want it.

The fact is this verse was sandwiched in between putting the baby to bed, trying to find out whether or not the dog had fleas, and attending a Hawaiian guitar rehearsal.

However, if you don't like it, send it back and we will cheerfully send you another one just as good. I really think you ought to use this letter in the column instead of the verse.

Very truly yours,
DON KNOWLTON.

*Editor's Note: The gentleman is absolutely right.



FIRST NATIONAL BANK
Boston, Mass.

# *A Business Built On*
# CONFIDENCE

EVERY working day, as a mere matter of course, millions of dollars are handed by depositors to the tellers of the nation's banks. And this confidence in our financial system and institutions is likewise extended to most of our leading commercial institutions.

A wonderful situation! A vast leap from the days of distrust and suspicion, of haggle and barter, of many prices, of "caveat emptor"!

And the credit belongs solely to the American business-man—to the spirit of fair play, integrity and giving value for value received that has made this nation the center of the world in commercial ethics as in industrial progress!

Every successful, long established business owes its progress to the practice of just these principles. During the 76 years we have been in business, there have been many changes in the character of the goods we made; but there has been no change in the policy that has produced these goods!

Whether it is a lead pencil or a filing cabinet; a bottle of ink or a blank book; a letter-head or a loose-leaf ledger—the Mann idea is and always has been to deliver as worthy a product as possible—at a fair price!

*The Mann line includes office and bank supplies for all needs; the ever-growing list of Mann customers is evidence of the appreciation of this policy of high quality and fair price. We are always glad to submit samples, prices and complete information on any of the products we sell.*

Mann-made Products include

*Blank Books*
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Write for descriptive folders about

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It will increase your Bank's efficiency to the point of eliminating 95% of all errors, which all accountants agree are due to copying.

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CANADIAN DISTRIBUTORS: BUSINESS SYSTEMS, LTD., TORONTO

## Something About A. F. Adams

*The story of "A. F. Adams" was taken from a Findex Cental File card in a certain bank on April 22nd, 1925, and it should interest the average banker.*

A. F. Adams carried a checking account in ..... Bank with an average balance of over $10,000.00. He used no other facility in this bank. He is vice-president of one concern which does no business with this bank and a director in another concern which does carry an account with it. That's all.

---

Doesn't look like much of a story on the surface—does it? But it is a good story just the same. Adams is worth a few hundred thousand dollars. He buys investments; he rents a safe deposit box—but not from *this* bank and he is a prime trust department prospect.

Now, what interested the ..... Bank was that *one* officer claims he can induce Adams to use two or three more departments of this bank.

*How would you go about selling Adams the three unused facilities of your bank? How many Adamses have YOU? and WHICH officers KNOW they can make these additional sales?*

Let the Findex organization tell you something about "organized selling" to present important customers who *do not* use the departments they ought to.

## THE FINDEX COMPANY

49 Oneida Street

MILWAUKEE, WIS.

NEW YORK SAN FRANCISCO

## Smith's Adjustable Index Tags

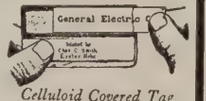
"SAVE 20% OF A BOOK-KEEPER'S TIME"



Made of cloth-lined leather with semi-flexible filler stitched in projecting part. A tempered bronze clip holds the tag on the leaf. Instantly applied—Holdsecurely—Quickly moved to another leaf.

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THREE TYPES




*Celluloid Covered Tag with Removable Label*

**Plain Buff Leather.** May be written on with ink. Also furnished printed alphabets, months or printed to order.

**Paper Faced.** Buff Ledger Paper facing over the leather. Very popular to write on with ink or pencil.

**Celluloid Covered** with Removable Labels. Blank labels in perforated sheets for typewriting. Also printed Alphabets, Months, Numbers, States or to Order.

All types made in 7 widths, 3/16 to 2 inches.

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Write for Rate Card

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DETROIT MICHIGAN


## Europe's Reconstruction Progress

(Continued from page 7)

international debts will be disposed of. France, Italy and Belgium are not yet in a position to assume interest payments, let alone amortization, of the government-to-government obligations assumed at the height of the war, and discussion regarding compromises is bound to go on for many months to come. But with respect to banking, commercial and investment credits, negotiated for business purposes, Europe's progress has been immeasurably helped by advances, well secured, from the United States. Looking at the picture broadly, what stands out is the way in which Europe's reconstruction, once begun, has commanded the help of the United States. Up to the early part of last year there was much misgiving here, and though goods continued to be shipped abroad in large quantities, the attitude of American banks and investors to foreign loans was one of extreme caution. The change in that attitude has been as pronounced as the changes elsewhere; and during the past twelve months literally tens of millions of dollars of American funds have been advanced on security that previously was considered too unstable to warrant loans. A year ago he would have been a bold prophet who said that a stream of gold would flow out of the United States to Europe in 1925, and that numerous long-term and short-term loans—one of more than a hundred million to Germany—would be made. Yet more than $150,000,000 gold has gone out since January 1 from our ports to the very countries whose banking and credit affairs not long ago were so unbalanced that the foreign exchange markets quoted their currencies at sharp discounts, while credits have been placed at the disposal of borrowers in liberal amounts.

THE fact that American funds have been advanced especially in Germany, is an interesting commentary on the manner in which the change for the better in that country has aroused the attention of the outside world. Germany, prostrate and apparently a hopeless bankrupt in 1923, is in 1925 making an effort to restore its old place in the world of trade, while its financial leaders, with outside help and direction, are making a successful effort to re-establish the nation's finances. We are still to see how far Germany can build; the actual industrial output of the Reich is still barely two-thirds of what it was in 1913, before the war, while the working capital of companies of all sorts within the country does not exceed three-fourths of the pre-war amount. The aggregate capital of

# Why We Use Telautographs in Our Bank

*Here is one man's opinion of Telautographs and Telautograph service. He is not an efficiency expert—but he does know how to run a bank—and is considered an expert in the building of good will for his bank.*

—

"One big point we considered was the importance of speed, with accuracy, in our system of communication between our paying tellers and the bookkeepers—we already had telephones, so that other devices, which merely transmitted the human voice, would not be an improvement, because of their lack of record and our depositors' natural resentment towards any open discussion with reference to their balances. Any type of a conveying system was hopeless because of the certainty that checks would go astray or be lost.

"With our Telautograph System, we find our communication system as perfect as the tellers and bookkeepers permit it to be with the result that—

"Our tellers, when it is necessary to verify a depositor's balance, before paying or certifying a check, simply *write* the depositor's name on their Telautograph—their *handwriting* appears *instantaneously* in the bookkeeping department, and the bookkeeper immediately replies (in his own handwriting) showing the balance at that moment.

"This is accomplished before the teller can have counted the money the second time.

"I like this system because—

It is secret and the depositor does not know his account is being questioned.

It is accurate because it reproduces figures beyond any possibility of misunderstanding.

It is faster than any other system because it is instantaneous—and—in event of error, it places responsibility where it belongs."

Bankers have equipped the tellers with money changers—and have given the bookkeepers adding and bookkeeping machines, mainly to procure speed commensurate with safety and accuracy

TO

## Build Up Good Will

AND

## Protect the Bank Against Error

— BUT —

Some banks, while modern in that respect still adhere to forms of communication which—

*Offend Depositors!*
*Permit Overdrafts (in error)!*
*Slow Down the Tellers!*
*Delay the Depositors!*

Why not be as modern in your teller-bookkeeper system of communication?

—

MORE THAN 500 BANKS HAVE BEEN TELAUTOGRAPHING FOR YEARS—WRITE US—NO OBLIGATION

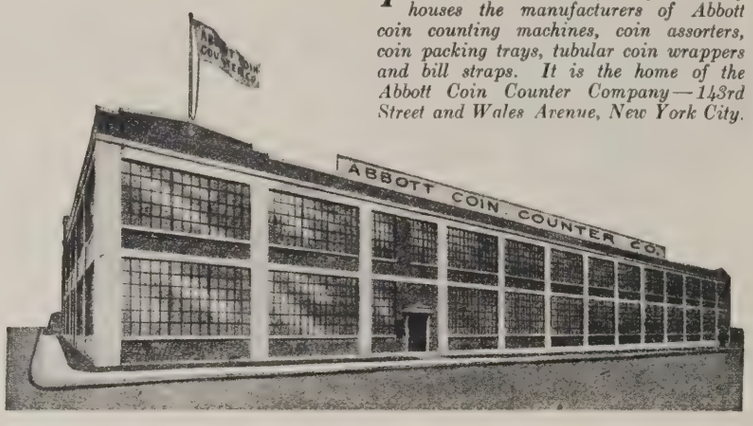
—

Telautograph Corporation

38 BRANCHES

448 W. 37th Street New York City

*THIS fine, modern factory building houses the manufacturers of Abbott coin counting machines, coin assorters, coin packing trays, tubular coin wrappers and bill straps. It is the home of the Abbott Coin Counter Company—143rd Street and Wales Avenue, New York City.*




EVER since its founding in 1911, the Abbott Coin Counter Company has had but a single aim—to serve the banker. That this aim has been achieved and approved by bankers is best evidenced by the almost universal use of Abbott products by the banks of the United States and foreign countries.

For fourteen years the Abbott Coin Counter Company has devoted itself to the building of quality products which eliminate the toil, slowness and inaccuracies of manual coin counting in banks.

In rapid succession the Company devised and built hand and electric coin counters, coin assorters and coin trays and, at the same time, invented the Abbott tubular coin wrapper—a boon to everyone who handles and counts coins in quantity.

Naturally the Abbott Coin Counter Company has kept pace with the demand for its products by a steady growth. Increased factory equipment permits speedier and more economical manufacture—an excellent financial and credit standing assures the purchase of materials in quantity and at a corresponding lower figure.

In its present home the Abbott Coin Counter Company is better prepared to serve you more faithfully and promptly than ever before.

The Abbott Coin Counting Machine manufactured in four styles is the simplest coin counting machine on the market. In one minute it will count correctly two thousand coins.

Abbott Tubular Wrappers are made of heavy, genuine kraft paper—absolutely correct to coin size. They differ in color for each denomination of coin. Although tubular in form when filled—when empty they are light, flat and occupy a minimum of space.

*WRITE TODAY FOR YOUR CATALOGUE OF ABBOTT PRODUCTS*

ABBOTT COIN COUNTER COMPANY
143rd Street and Wales Avenue
NEW YORK CITY

**Clark Changeable Boards**




*Signs for the Up-to-Date Bank*

Clark Changeable Signs for banks are attractive and practical. We have a full line of all sizes and styles of bulletins and signs to meet every need of the modern bank. Interesting catalog on signs for every purpose will be sent on request.

*Ask for Price List*

R. W. CLARK MFG. CO.
1774 W. Wilson Ave. Chicago, Ill.



(Continued from page 36)

Germany's banks is scarcely 30 per cent of the figure of 1913, and the gold value of the deposits held—which in the German view is the surest standard for determining the wealth of the country—is hardly more than 25 per cent of the pre-war figures.

Germany, like other nations, has much to do in the way of rebuilding; at the same time, what is significant is the willing way in which its people are undertaking the necessary work. There is a great dearth of working capital, and money rates are extremely high. Not only are industries limited, but the people are poor and make no effort to disguise their poverty. They are anxious to be busy, and skilled labor is accepting such low wages as five and six marks—equivalent to $1.25 or $1.50 in our money—for eight hours work. Although the German population is 15,000,000 more than that of England, Germany's unemployment statistics show that the men and women out of work number less than 600,000, or one-half of those of England. Wages are low, living costs are high, yet the desire to work is much in evidence, and there are to be found on every hand signs of economy of the most scrupulous kind. The spirit of thrift has returned, and conditions bear a marked contrast with those of the past. At the peak of the inflation, eighteen months ago, the whole desire on the part of the German people was to spend their money before it became worthless, and it was then the daily practice of those who received paper money to rid themselves of it even before it went into their pockets. Germany's economic life was topsy-turvy; it was a mad race against the extinction of the old mark, and German bankers have said to me that they wonder that anybody kept his financial sanity through the ordeal.

YET stability has been given to the situation, and has continued up to the present moment. The Germans themselves consider their stabilization to have been one of the financial miracles of all time. There were many who feared in 1923 that simply the mortgaging of property in Germany as security for the "rentenmark" which preceded the gold currency would not be sufficient to withstand the sweeping processes of inflation and the habit of the people, fed by fear, to spend their money as quickly as it was earned. But there is no gainsaying that confidence in Germany's currency has returned, and so sure are the German people of its value that they are now, in spite of low wages and high prices, saving all they can. As a consequence, the banks show a steady improvement in their deposit totals. These deposit increases, it is important to note, indicate genuine growth. Up to 1924 the fantastic

additions to German bank balances were due wholly to the inflation of the paper money. Now it is due to the restored production and economy on the part of the people.

All in all, Germany in particular and Europe in general have been shown a way to work back to normal; still, let me say again that there have not yet been brought to their final conclusion the world's greatest credit difficulties. One of the difficulties is that countries and people who need credit most are at the moment most heavily in debt. From the American viewpoint that is of the highest importance, because, after all, we have a stake in affairs that touches our welfare at every angle. One circumstance after another has made Europe more than ever dependent upon the United States. Each new development has seemingly added to this country's preponderant economic strength, and at the same time has more firmly established our position as money center of the world. The outside world is in our debt to an extent of more than $16,000,000,000, taking government and private debts together with banking credits, and many of the newly erected structures of finance and industry abroad have been bolstered with funds from this side that have been sent over either as capital investment or on credit.

FROM a strictly selfish viewpoint, and as a matter of national pride, it is pleasing to observe how far other people and other nations have come to look for help here, and the manner in which they have sought to procure American goods, credit and gold. But the things we are doing are not permanently curing the post-war ills. To our direct help as well as to the Dawes Plan, much credit must be given, but after all they have provided no final solution of the question of broken down credit relations, nor are they for Europe as a whole a cure-all. They have supplied a foundation on which Europe's new financial structure is being built. They have shown a way for a solution of pressing questions, and have palliated Europe's economic confusion. But the permanent structure of finance is still to be provided.

To the longer future, then, it is left to bring about Europe's lasting cure and to establish our own natural place in the world affairs. All other nations find themselves now paying tribute to us as their creditor, and the credits extended continue more and more firmly to establish the United States as the money capital of the world. It was ten years ago, in 1915, that this country began to occupy this position, and the logic of the war events and post-war developments—based on both our enormous accumulations of capital and gold reserves—has increasingly

(Continued on page 42)



A STRICTLY fireproof building; superior in rental facilities and accommodations; unusually complete and commodious in the quarters provided for banking purposes.

Here was a problem involving the development of a property to maximum earning capacity, and here we have the tangible evidence of an eminently successful solution. May we not have the pleasure of outlining to you in detail the results accomplished and the methods employed to produce those results?

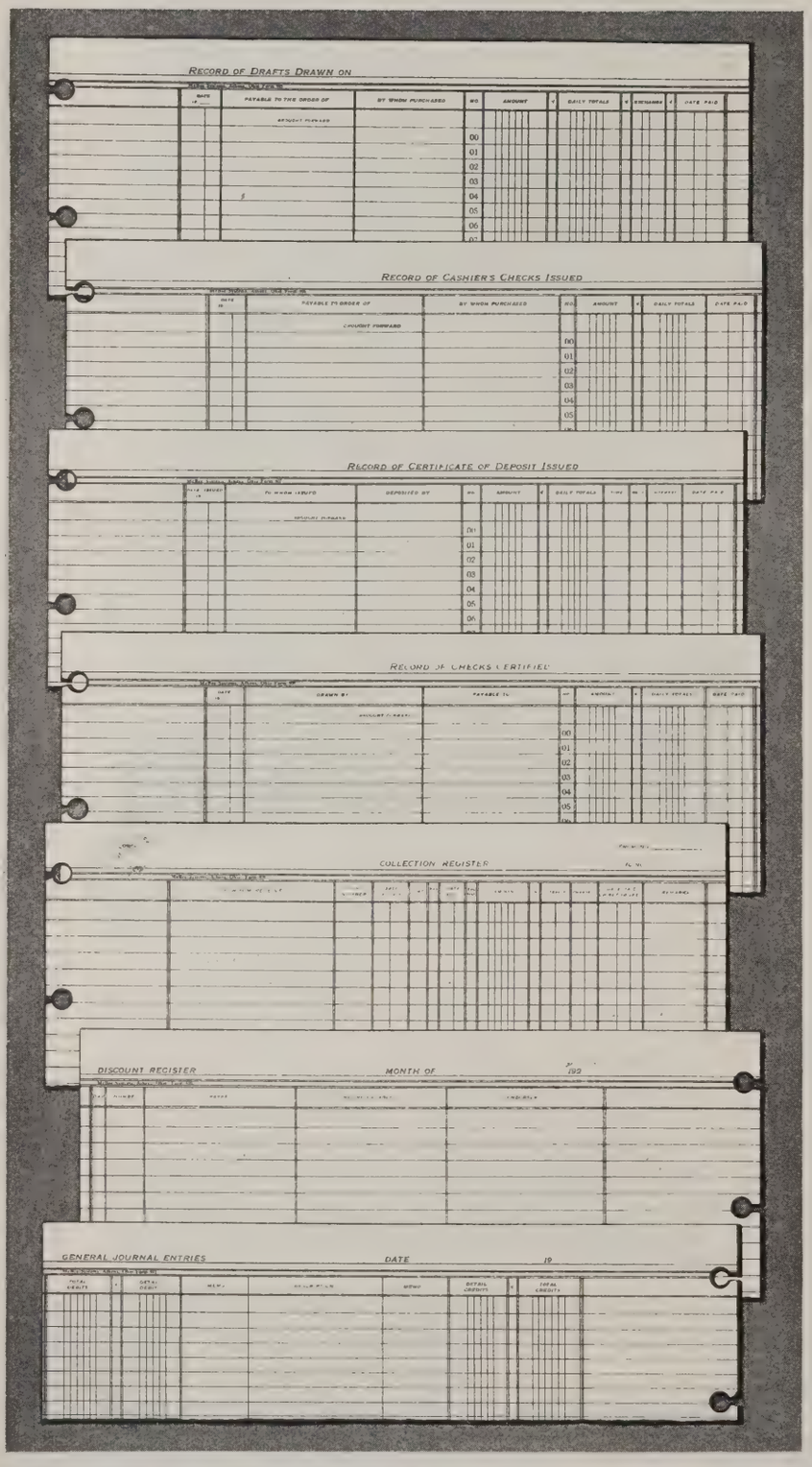
*Design, Engineering Service*
*Construction Management by*

WEARY AND ALFORD COMPANY

*Bank and Office Buildings*

CHICAGO

# SPECIAL *and* STOCK




NO MATTER what your needs may be in loose leaf and card forms or filing systems for bank work, let us know what they are.

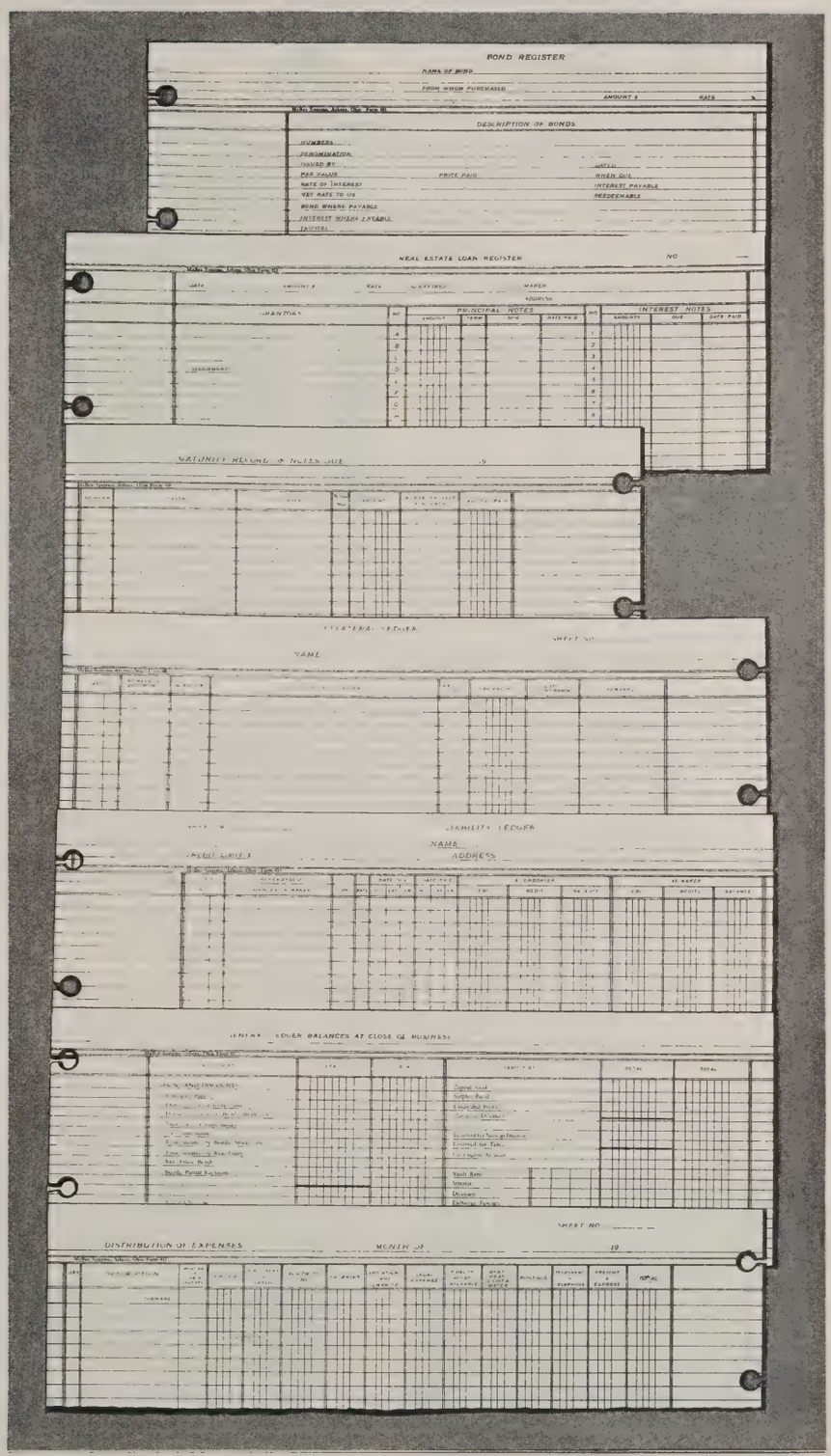
Standard forms, such as ledger, statement, record of drafts drawn, record of cashier's checks, record of certificates of deposit and many others, are carried in stock for immediate delivery.

All of these forms are perfect in registration, accuracy of rulings, alignment and cutting. Turned out by standardized machinery and subjected to the careful inspection of experts, these forms are as fine as can be made.

Special forms will be made up promptly at strictly competitive prices and conforming to the highest quality standards.

# The Mc Bee Binder

# FORMS *for* BANK WORK




OUR PAPER stock is specially made for us to meet rigid standards. We are specialists in paper stock and we dictate positively the quality supplied.

In the Mc Bee lines, which are the most complete in the United States, are included loose leaf and card record forms, ledger binders, steel filing cabinets, safes, desks, shelving and other steel office equipment.

*Write for literature, samples, price quotations or any other details that will enable us to serve you.*

**The Mc Bee Binder Company**
**Athens, Ohio**

*Offices in Principal Cities*

FACTORIES:
Athens, Ohio St. Louis, Mo. Sussex, N. J.

# Company *Athens, Ohio*

The AUTO-TELLER
REG U S PAT OFF
receives and receipts for deposits



*The Times Demand It*

YESTERDAY'S impossibility is the commonplace of today. A whisper will soon be heard around the world; and tomorrow we shall see whatever can be heard.

Today a banker is not in business until he has a telephone. He cannot transact business without a typewriter; and without an adding machine he would soon be out of business. Yet it was only yesterday that all these were "new-fangled ideas", unworthy the serious attention of the business man.

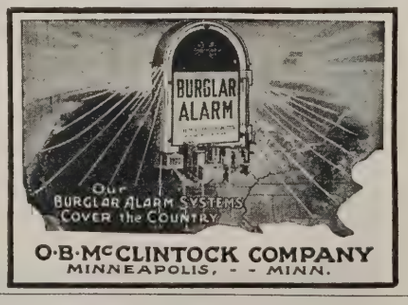
Today The Auto-Teller may seem to some a startling innovation, but its efficiency in securing and maintaining savings accounts on a large scale is quickly making it indispensable to all progressive banks.

The Auto-Teller provides day and night service to your savings depositors; and wherever they are, it serves them there—*economically*.

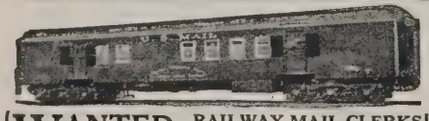
First users outstrip competition. Be one of them. Write for complete information and receive as well, thoughtful studies of the two problems of School and Industrial savings. No obligation, of course.

NATIONAL AUTOMATIC TELLER CORP.
215 Fourth Avenue, New York, N. Y.
410 Broadway, Utica, N. Y.

V Check
YOUR ADVERTISING FOR RESULTS
IF IT ISN'T MAKING GOOD, WRITE
The HAHN-RODENBURG CO.
SPRINGFIELD, ILLINOIS
Individually Designed Newspaper Advertising Service




O·B·McCLINTOCK COMPANY
MINNEAPOLIS, - - MINN.



WANTED—RAILWAY MAIL CLERKS $1900 to $2700 Year. Postal Pay Raised. Men, 18 up. Every second week off--full pay. Common education sufficient. Write IMMEDIATELY for free list of Government positions now open to men and women and free sample coaching. Do it today sure.
FRANKLIN INSTITUTE Dept. E268 ROCHESTER, N. Y.

HOLLAND
Advertising Company, Inc.
244 Fifth Ave., New York

(Continued from page 39)

demonstrated that the position is one firmly held by the American market. Ours is a position that is extraordinary in every way; we are furnishing Europe not only a large balance of goods but at the same time we are supplying other material assets also, represented by gold and credit. The long range outcome of this remains to be seen. Later on, of course, there must come a change in procedure, either in finance or trade or in both, for we cannot forever go on as an exporter of credit and goods together. In the logic of the case, repayment of credit and payment for goods must be made unless we are to consider that our shipments have been a free gift. Ultimately we must come to the point of accepting repayments from abroad. Much will occur, however, before that point is reached, and for the moment we can be content with the fact that, by the extension of our credit abroad, our export trade and our prosperity are enhanced and world construction is facilitated.

What has been accomplished in the way of reconstruction in the past year has been a great achievement, but greater achievements must still be ahead. Events, as they transpire from now on, will be determined by the character and the courage of the economic leadership that is guiding affairs, as well as by the degree in which statesmanship avoids the old rules of opportunism, self-interest and political expediency. The past decade having had two phases, one the war, and the other the confused and hectic period that followed the war, we now observe a new phase, one fully as momentous as the others, for now the different nations must seek in reality to establish a firm foundation for the structure of prosperity which they hope to rear.

## Hiring on a Mental Test

THE Cleveland Trust Company of Cleveland, Ohio, is using mental tests in measuring applicants for positions. The tests are used as a supplement to the regular methods of checking references, previous experience, and personal impression. If the mental test gives the candidate a low rating, it would ordinarily eliminate him, even though the impression that he had made otherwise might be reasonably favorable.

## By Check Only

THE building and loan societies of Ohio are required by law to make all disbursements by check. Where they carry on a savings account business, withdrawals are actually paid in currency, but a draft on one of their depository banks must be issued at the end of the day for the total.

# *Tightening the "Deadlines"*

## American Express Efforts Put 176 Criminal Menaces to Banks on the Inactive List

***Criminal records of the past year*** show an increasing number of more daring assaults on the sanctity of negotiable paper.

***With the need for greater caution,*** and especially with the demand for keener apprehension and more decisive prosecution of these criminals, the American Express Company ***is tightening its deadlines.***

***The 176 arrests*** effected through this Company's efforts last year included bank robbers, holdup men, and forgers. Of this number a large majority were confirmed criminals with records. Many of them had played on banks and financial institutions for years. 496 robberies, thefts and forgeries were involved.

***The persistent vigilance*** and quick action of this Company's large and trained corps of detectives and secret service men is particularly appreciated by banks. The efficiency of its legal forces in effecting just punishments gives added value to its detection of crime.

***Primarily a service*** in the interest of its own financial paper—especially its American Express Travelers Cheques—the good effect of this individual work is universal. Its special value is to banks and other financial institutions in this country and abroad, with which the American Express Company is allied in a common interest.

***More than 17,000 banks*** sell American Express Travelers Cheques.

***More than half a million people*** carried these checks last year into every nook and corner of the civilized world—and always with the confident knowledge that their traveling funds were always ***safe*** and would always ***serve*** them wherever they were.

***Through its "Travel Department"*** the American Express Company offers another helpful and very personal service including the purchase of all railway and steamship tickets, securing hotel reservation, offering passport assistance, etc., etc.—every possible service to make travel more delightful.

# American Express Co.

***65 Broadway, New York***

OFFICES IN ALL THE PRINCIPAL CITIES

WHAT are your points of contact with your city correspondent?

Credit information?

Collection service?

Occasional accommodation?

Caring for securities?

Profitable business sent you for remittance?

In all of these we excel.

THE
PHILADELPHIA
NATIONAL
BANK

Capital, Surplus, and Profits, $17,000,000

FIVE Reasons Why—

You should insist on Burroughs non-lint adding machine paper:

1. Strong enough to withstand tension required for feeding in machine
2. Hard, smooth surface insures a clear impression
3. Free from dust and paper lint
4. Tightly wound rolls insure uniform paper feed
5. Glazed finish does not absorb excessive ribbon ink

*You can get it from the nearest Burroughs agency or, if you wish, you can order direct from the factory*

BURROUGHS ADDING MACHINE COMPANY, Detroit, Mich.



## A Booth at the Fair

DURING the Woman's World's Fair in Chicago, April 18-25, more than 20,000 visitors came to the booth of the Continental and Commercial Banks.

More than 700 women are employed by the Continental and Commercial organization and the accounts of more than 60,000 are carried on its books.

Four trained bank women manned the booth. They were selected by reason of their capability to give



counsel on income management, home making, clothing budgets, investments, home buying, and sundry subjects affecting the use and conservation of money.

The booth was a representation of the bank's main floor, and although it was only ten feet wide by twelve feet deep, the scenic artist's back drop created the illusion of much greater depth. This quality was enhanced by flood lights concealed in the lintels.

Nearly 30,000 pieces of financial literature were taken from the booth. This printed matter consisted of clothing budget booklets, work sheets for drawing up a scientific plan of income distribution, the bank's newspaper devoted to income management and home making, booklets showing trust facilities and their application to the home, and general financial reading matter. There were specific requests for more than 1,000 home savings banks.—*J. K. Waibel*

## The Candid Borrower

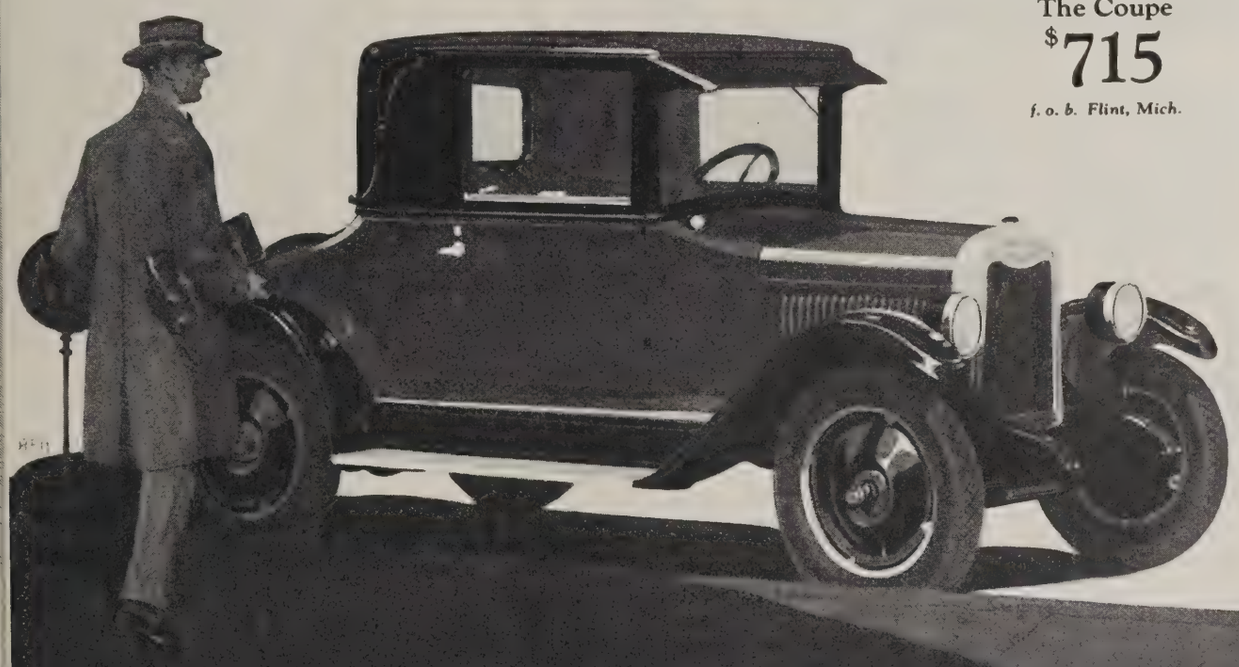
THE following note on a form printed by the customer was presented for discount at the Hibernia Commercial and Savings Bank of Portland, Oregon:

"On or after January 3, 1925, we promise to pay....."

CHEVROLET

*for Economical Transportation*

The Coupe
$715
*f. o. b. Flint, Mich.*



# UTILITY

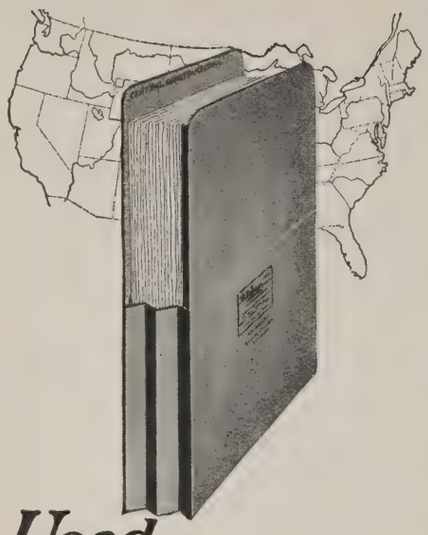
| | |
|---|---|
| Roadster | $525 |
| Touring | $525 |
| Coupe | $715 |
| Coach | $735 |
| Sedan | $825 |
| Commercial Chassis— | $425 |
| Express Truck Chassis | $550 |

ALL PRICES F. O. B. FLINT, MICH.

Fine quality—beautiful appearance—a smart Fisher body—Duco finish—a low-cost car of great utility for business and professional men or as a second car for the family.

CHEVROLET MOTOR COMPANY, DETROIT, MICHIGAN
DIVISION OF GENERAL MOTORS CORPORATION

QUALITY AT LOW COST



*Used Everywhere*

Vertex File Pockets can be used in all vertical filing systems, from the personal desk-drawer file to the system using countless batteries of filing cabinets.

Wherever used they speed up filing and finding, eliminating many of the delays and inconveniences caused by old-style, flat manila folders.

Vertex
VERTICAL-EXPANDING
FILE POCKETS

have index tabs that are plainly visible under the most crowded conditions. They always stand upright in the filing cabinet and will efficiently hold three, thirty or three hundred letters. Made of "Paperoid," a tough, red-rope stock, they will outlast twenty ordinary flat manila folders.

**Give VERTEX Pockets a trial in your own files. It costs you nothing; just mail the coupon below for a FREE trial pocket.**

**ALVAH BUSHNELL CO., Dept. C**
*Durable Filing Containers*
**933 Filbert St., Philadelphia, Pa.**

---CUT HERE---

Please send for examination and trial a free sample of BUSHNELL'S "VERTEX" Paperoid File Pocket, as described in June BURROUGHS CLEARING HOUSE.

Name of Firm _____

Address _____

Name of Person Inquiring _____

Letter size or Legal size desired? _____

If special size is required, send sample of sheet to be filed, and give width and height of drawer

**To Alvah Bushnell Co., Dept. C.**
**933 Filbert Street Philadelphia, Pa.**

# Regarding the Problem of Publicity

(Continued from page 11)

more than its factories and its other assets. It is said that the Royal Baking Powder Company was offered a million dollars a letter for each of the five letters in the name "Royal" by a company that wanted to sell baking powder, and the formulae were not even a consideration in the deal. This is only an instance of the value given a name by advertising.

Banks undoubtedly benefit by these same methods. The writer talked with the advertising manager of a large New York trust company a few weeks ago. He told that he had had much difficulty in persuading the bank to give him an appropriation for Trust Department advertising. The department is twenty-three years old. He obtained and used a small budget during the twenty-third year, and during this same year more wills were filed with the institution than had been filed during the other twenty-two years of its existence.

Although it is difficult to trace the advantages of various kinds of publicity, the growth of an institution, beyond its regular rate, should be attributed to publicity, if its expenditures in that direction are made simultaneously.

IN THE Denver National Bank, publicity in all forms has been greatly increased since June, 1923. In the period since that time deposits have increased approximately 54 per cent. The bank has received a tremendous amount of new business, and has taken over another smaller banking institution. If we eliminate the increase from this latter source, in the short period of a year and a half out of the entire forty years of our existence, we still have the amazing increase in deposits of 23 per cent.

Opinions vary as to the best mediums of publicity, and the amount that ought to be spent in that direction. Estimates vary from nothing to an annual expenditure of one-tenth of 1 per cent of the bank's deposits. Some institutions figure on a per cent of the gross income, or a per cent of the capital. A very popular figure is 5 per cent of the bank's net profits. A California bank goes as high as five-tenths of 1 per cent of its deposits, and another bank in Indiana appropriates 20 per cent of its net profits.

Opinions also vary as to the best advertising mediums. The big New York trust company mentioned, which has been unusually successful and whose advertising you all know, uses 80 per cent of its total budget in the newspapers. A large bank in Ohio does not believe in spending any more of a large appropriation in the newspapers than is necessary to keep its name before the public. A well-proportioned budget might be considered as:

40 per cent for newspapers.
20 per cent for financial magazines.
15 per cent for booklets, house organs and cards.
5 per cent billboards and car signs.
20 per cent for incidentals such as mimeographing, cuts, engraving and photos.

After the annual budget has been adopted, it should be tried out along definite lines, and then varied in accordance with the success of one medium or the other, if the source of the new business can be fairly traced. A bank's publicity should be aimed at something definite. If the shots are scattered too far no real results can follow. Advertisements should be sincere and human, and should advocate always something of benefit to the reader. William E. Knox, president of the American Bankers Association, said in a recent address, "Humanize your advertisements as much as possible. Try to get people to believe that outside of the business they may bring, you have a real interest in the man whom you hope to get as a depositor or a customer of your bank. Approach him with a message that will interest him irrespective of the fact that it is a message given to him by a bank." If the statements are too extravagant they will not be believed. They will have the same reception as the Texan who was advertising his State and the cattle industry there, when he said, "If all of the bulls in Texas were assembled into one enormous bull, he would stand with his hind legs in the Arctic Circle, his front legs in the Gulf of Mexico, and when he waved his tail it would brush the star dust off the Aurora Borealis." I believe that a certain milk concern uses this same simile to describe the size of the cow necessary to give the milk that is consumed every day in their many factories.

THERE is a tendency these days to overadvertise the commonly used commodities. By advertising, the writer does not mean only that which is placed in the newspapers or magazines, but also the advertising that takes the form of the handsome package, the elaborate window display, or the wide distribution of samples. There will come a day when a reaction will set in, and when people will be unwilling to pay but a small part of the purchase price for anything other than the commodity desired.

If the reader will stop to think, he will realize that in a great many instances the purchaser pays far more for the advertising and the handsome

box or can than he pays for the article he wants. Many times the commodity purchased is worth only a small fraction of the selling price. The "thrift" that is gradually developing in the country is going to cause a demand for more goods and less scenery. It is up to the advertising fraternity to forestall this reaction by holding down its clients to a sensible proportion of value and scenery.

The work of the advertising man or the advertising counselor is extremely important. He has a most honorable profession. He is the mouthpiece of the institution, with the problem of educating the public upon his shoulders. Josh Billings said, "The trouble with the American people is not so much their *ignorance*, as the tremendous number of things they know that *ain't so*."

No busy bank official should attempt to handle the publicity of the institution without competent, professional assistance. A hit-or-miss program will certainly not be effective. For a long time the writer has held the opinion, which has really grown into a conviction, that the ideal advertising man must go a great deal farther than making up attractive copy. He must almost know more about his client or his company than any man in any department. He should not only prepare the copy, but he should engineer the entire campaign.

THE secondary efforts are of equal importance with the running of the ad. A short time ago the bank with which the writer is connected ran a series of advertisements pertaining to local industries. We believe, by the comments of the public, that they were well received, but we received the greatest amount of personal benefit from sending these same advertisements through the mail with a multigraphed letter to those people who were directly interested and benefited by the publicity. The bank's name was stamped in their minds far more definitely by the secondary campaign than by the original publicity.

When an officer of an institution has the temerity to make a speech, if it is at all worth while, it is part of the business of the advertising man to see that this address is given the widest publicity, and reaches the people that are most interested in it. If he does not do this it is a certainty that the officer himself is not going to carry his remarks around to the newspapers, or urge that they be put in pamphlet form. The propaganda newspaper publicity given to an institution is of equal importance to that in the display space, and it is the function of the advertising counselor to cover this form of publicity as thoroughly as the other.


**The American Beauty Line—**

**Savings Pass Books**

*(Standardized)*



Three Sizes
Six Styles of Binding
Sixteen Pages including two pages of Standard Rules
White or Safety paper Fillers, safeguarded by skeleton page numbers. Lithographed Ruling
Patented Cut Head
Patented Name Panel
Inside leaves cut off
Jackets for all sizes

Sold thru Dealers. Ask your Stationer, or, write us for sample.

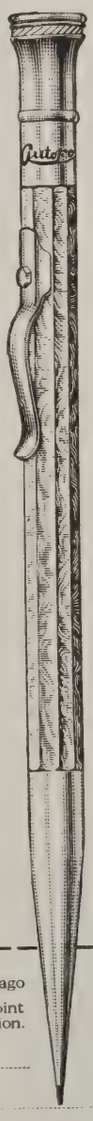
**The American Beauty Pass Book & Cover Co.**
**Dallas, Texas**



# Autopoint
## The Better Pencil

*Made of Bakelite*

*1925 MODEL*



# A New Way
## to advertise
## that builds business

WHATEVER your other advertising plans, at least find out about this new way to build good will with those you now do business with—new customers and old—with prospects.

Here is an "ad" that gets to the man you want to know about you—the man who influences business—and every time he sees it he thinks of you. It's the most concentrated form of selling possible

Autopoint—1925—is this *new* way. It is the world's finest mechanical pencil. Thousands tell us this—business men, retailers, wholesalers, bankers and manufacturers. They have used Autopoint to advertise. Their results have exceeded all expectations.

Your customers get this beautifully balanced, mechanically perfect, featherweight pencil. Your name is stamped on it. It becomes a constant companion to him. He keeps it with him always. And every time he writes with it he gets a genuine thrill—and you get the benefit of his satisfaction.

Autopoint is fine enough to represent your business. In its line, it is the best that men know today in pencil making. It cannot jam or break, or go wrong. It is feather-light, made of Bakelite, and balances perfectly. The thousands who use it today call it "the finest pencil in the world."

Today find out more about Autopoint. Mail us the coupon for prices, descriptions of various qualities and styles. You owe it to yourself at least to learn of its new sales-possibilities. There is no obligation. We won't send a salesman if you prefer.

But mail that coupon now—TODAY

↙Your Name Here

*A constant reminder, the best ad you can have!*

***Autopoint's 3 Outstanding Exclusive Features***

1 The famous "neutral zone"—an exclusive patent. When the lead is exhausted, the feeding mechanism goes into neutral—it cannot "jam."

2 Bakelite barrel—an unchanging, onyx-like lightweight material—*cannot* dent, split or tarnish. Most beautiful substance used for pencils.

3 Simplest, smoothest working mechanism. Nothing complicated to go wrong—2 moving parts.

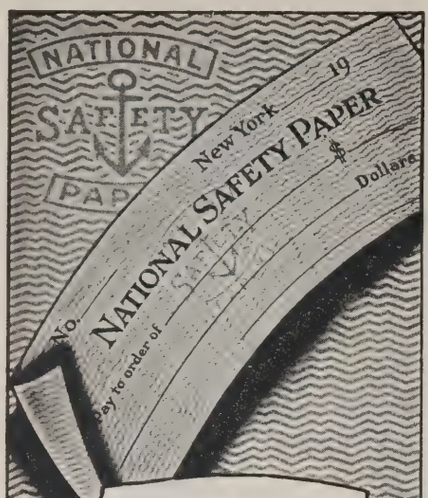
AUTOPOINT COMPANY, 4619 Ravenswood Ave., Chicago (B. C. H. 6-25)

Without obligation, please rush sample of Autopoint business-building gift proposition, and full information. Pencil, 1925 model, and prices, your I attach business card or letterhead.

Name..... Position.....

Company.....

Address.....




**Remove temptation**

***—and you discourage crime***

THE clever check-changer knows that detection of any alteration on a National Safety Paper check by chemical or mechanicalerasure is practically certain. So *he* doesn't even try.

The *novice*, who in ignorance may attempt it, quickly sees his mistake when the accusing white spot appears in the paper. He stops right there!

Specify National Safety Paper to your printer, stationer, or lithographer.

**George La Monte & Son**
Founded 1871
**61 Broadway, New York**

*National Safety Paper is also made in Canada by George La Monte & Son, Ltd., Toronto*

In conclusion the writer has pointed out the importance of the advertising counselor to the bank, not only in selling its services, but also in fulfilling that greater function of the institution, namely, educating the community along the lines of "thrift" and "financial independence." It has been shown that a bank's publicity program should be properly advised, and that a bank's publicity reaps the greatest harvest when it is unselfish, and reaches out to benefit the greatest number of people in the community. Some examples have been shown of banks' growth which it is fair to ascribe to their publicity efforts. It has been shown that banks vary widely in their opinions of the best advertising methods and the best advertising mediums. The essentials of a bank advertisement have been outlined. The danger has been pointed out of loading merchandise with too much scenery and advertising expenditure. And lastly the qualifications have been suggested for success necessary in the dignified and responsible profession of advertising.

Generally speaking, bank officials will probably agree with the writer that conscientious and properly trained advertising men and women are vital cogs in the machine of business—that they are in fact the voice of industry, business and finance. This being so, it rests largely upon the advertising fraternity as to whether standards and ethics shall be high or low.

## Seven Years of Baby Accounts

(Continued from page 26)

the books in the past year, and experience indicates that very little, if any change at all, takes place in the account until after the first anniversary. The 147 accounts closed since the plan was started showed balances aggregating $1,589.28 with an average of $10.40 per account. Of the accounts so closed 29 represented the original $1.00 deposit which had never been added to up to the time of withdrawal. Removal from the city, we find, constitutes the principal reason for withdrawals.

Acknowledgment of the accounts by parents are many and at unexpected moments someone will step to an officer's desk and acknowledge receipt of the book and letter and in almost every instance there is a pledge to keep the account active. This conversation affords an opportunity to talk over bank matters with the parents, and often many good bank leads are developed through such conversation. It is almost impossible to state the number of adult accounts opened in the bank as a result of the good will built up with parents through the baby savings accounts.

In addition, our records on the birthdays are very complete and as the anniversaries of children come around, congratulatory cards are mailed out. We make it a point to see that the card reaches the home on the birthday and in that way the parent is reminded that the bank has not forgotten the anniversary of the child's birthday.

IN CITIES where the school savings system has come into the community in such manner as to allow the children to choose their own bank in which to deposit, it is a genuine stimulus to the baby savings accounts. Naturally, as the child grows to school age it has an opportunity to participate in school savings, and it is easy to imagine that the bank which saw fit to start out the youngster with an original deposit will not be forgotten in the selection of a depository where weekly deposits can be added to the account already opened.

Our letter to parents is as follows:

Dear Mr. and Mrs.———:

We understand that a little son has arrived in your home and we are much pleased to extend our sincere congratulations.

Kindly accept the inclosed Birthday Savings Book for the baby with our compliments and our best wishes for his continued growth and success. You will find that we have given him credit in the book for $1.00, which amount belongs to him, but of course, is under your control until he matures.

There are no restrictions as to how long the money shall remain in the bank, and we will pay interest on it (together with any amount which may be added) at the rate of 3%, compounded each first day of January and July.

We feel that our Savings Department furnishes about the best opportunity to accumulate money for use later on and we would like very much to aid the little fellow in making his start.

On each succeeding birthday and at other times, if possible, small amounts can be added instead of making presents of no lasting value. If desired, we will give you one of our little home savings banks in which to drop the small change for him and as soon as he is old enough he will delight in saving his pennies rather than spending them for sweets. All succeeding deposits will be entered in this special book until he is old enough to wish the regular form.

We shall hope to become well acquainted and to be of some real service in his development through future years.

Yours very sincerely,

Cashier.

P. S. We regret not having the baby's name now and would like to have you give it to us, or we will put it in the book the first time a deposit is made.

## Truth in Advertising

*Husband*—Your check to the grocery man dated September 10 has just come back from the Guaranty Trust Company marked "No funds."

*Wife*—That's queer. I saw an advertisement in the *Times* that very day saying that the bank has a surplus of over $15,000,000—*Guaranty News.*

## "Ain't That Right?"

(Continued from page 9)

hrone of honor at the luncheon. A sweating crew from a gray truck emoved the regular ration of potato alad and vanilla ice cream to the aper-covered tables in the ancient ining room of the old hotel.

John noticed from his corner after he brothers sat down with confusion nd noise that Felix Holland was near is seat. Already Felix seemed to ave noticed his rival, Director Clutchill, held the seat of honor, for that our squint of the New England currant ush had come to his face.

In between feeding himself and ighting flies John's anxious eyes often ought Mr. Clutchbill beside the pole orse. Mr. Clutchbill seemed calm nd venerable. He was feeding himself ravely like Stonewall Jackson at a orthern breakfast.

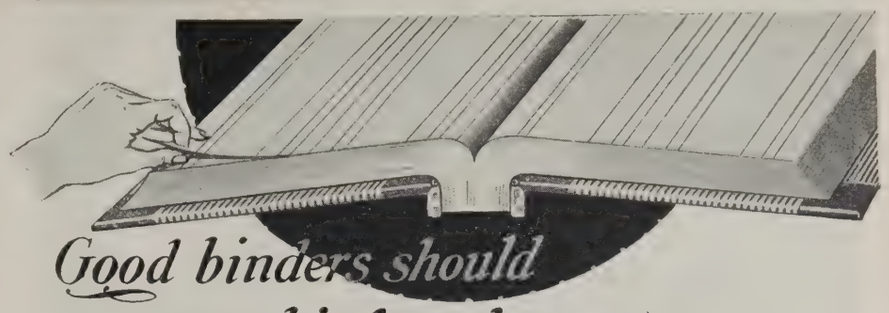
At last the white-panted toastmaster nfolded his legs and hauled himself p beside his chair. He rapped his wo-carat ring against his water glass.

JOHN began to look around for a croquet mallet, for he could see that Felix Holland had set himself to leap o his feet to deliver a speech the very irst second that offered. The other rothers sagged limply with propped aws while the chairmen of the endless committees got up sheepishly and eported what they had been guilty of. But Felix didn't sag anywhere. He tiffened and relaxed like the ground well on a flood tide.

"Brothers," said the white-panted toastmaster at last, while Felix Holland crouched like a short distance sprinter, "there is one thing more before the general business discussion is in order. We have with us this afternoon the Nestor of the state association . . . Mr. Clutchbill of the Ferndale National. Perhaps he will draw from his store of memory those scenes from the old days of banking in this state which are so interesting to us younger brothers. Mr. Clutchbill always has a message. Brothers . . . Mr. Clutchbill."

Like a flash of light Felix Holland leaped to his feet and opened his mouth but was snatched back on his sternsheets by two neighboring brothers who suddenly came to life. They glared at Felix as Mr. Clutchbill rose. It was evident Felix was determined not to let this happen again for he slyly set his legs for action.

"My friends," boomed Director Clutchbill, looking at Felix Holland with winning gentleness, "strange stories could be told of the old days in banking in this state, and a most curious incident of them days has come to my mind on account of a recent happening over in my home town of Ferndale. Over twenty years ago my

*Good binders should bind good paper*

PUTTING poor paper in a good binder is saving at the spigot only to waste at the bunghole.

Loose-leaf pages receive severe handling. There must be quality in the paper as well as in the binder if your books are to withstand constant handling.

For 76 years Brown's linen ledger papers have been the standard of national, state and municipal governments and business interests everywhere. Not once during this time have we known of a single sheet to fade or lose strength because of age, handling or atmospheric conditions.

Greylock Linen Ledger with Brown's new Flexible Hinge is standard for loose-leaf pages. It has a remarkable surface for pen and ink or machine entries, and unusual strength to resist tearing at the binding edge. Pages made of Greylock Linen Ledger lie absolutely flat when the binder is open, thus giving greater writing area.

Like good binders, Greylock Linen Ledger costs more—but it's worth it. Your regular printer, stationer or binder can supply it.

If you haven't seen the new flexible hinge, we'll gladly send samples on request.

*for* BOUND BOOKS *and loose-leaf books that must last for generations* USE BROWN'S LINEN LEDGER

The oldest and highest grade ledger and record paper made. Consists of 100% new, white linen and cotton clippings. Retains its color and strength permanently Send for specimen book and samples.

L. L. BROWN PAPER COMPANY
Adams Since 1849 Mass.
NEW YORK CHICAGO SAN FRANCISCO LOS ANGELES

8031

BROWN'S *Ledgers, Linens and Bonds*

| | | | | | |
|---|---|---|---|---|---|
| Brown's Linen Ledger *White, buff, blue* | Advance Linen Ledger *White, buff, blue* | Greylock Linen Ledger *White, buff, blue* | Greylock Linen Ledger *with Brown's Flexible Hinge for loose leaf Books* | Brown's Fine *White, buff, blue, pink* | Brown's Linen *Cream, blue; wove, laid* |
| Advance Bond *White, buff, blue, pink* | Greylock Bond *White* | Brown's Linen Typewriter Papers | Advance and Greylock Typewriter Papers | Brown's Manuscript Cover | |

1849 1925

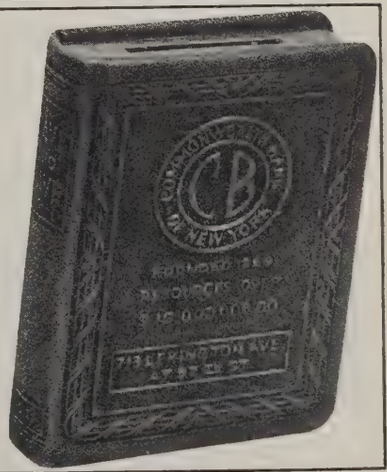
*Increase*
**Your Savings Business**

By offering the use of the Nutry & Cook Book Savings Bank.

The Book Savings Bank is a real home bank. It insures a positive means of bringing savers into your bank, keeping them in contact with you and building up profitable savings accounts.

*Write now for full information and prices*

NUTRY & COOK MFG. CO.
201 COOK STREET BROOKLYN, N. Y.




*In writing to advertisers please mention The Burroughs Clearing House*

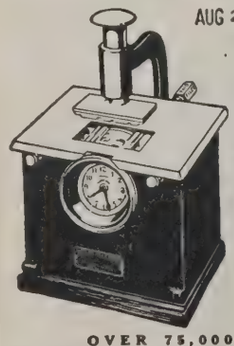





**If You Advertise in Newspapers**

a cut of your bank building will greatly increase the attractiveness of your ads at small cost. Use it as your trademark in all your advertising. *Send photograph for estimate on pen drawing and plate.*

**Walter A. Weisner**
332 S. Michigan Avenue Chicago



AUG 28 1917 3 43 PM
(Facsimile imprint reduced in size)

**Avoid Disputes**

Keep an hour and minute time record of every visit to your **safe deposit vaults.**

The Kastens Time Stamp **prints each MINUTE,** hour and date automatically.

Catalog? Yes, an interesting one, too. Send for it, now.

**HENRY KASTENS**
422-424 W. 27th St.
New York City, N. Y.

OVER 75,000 IN USE

**Your Bank's**
**ONE CHANCE**
**for**
**INDIVIDUALISM**
**in Checks**

*Special Design*
*American Safety*
*Makes This Possible*

**No Other Bank Should Have Checks Just Like Yours**

***Write!!*** We will send a set of fine samples for inspection and quote prices that will interest you.

**Midwest Lithographing Co.**
**St. Louis, Mo.**


old friend Judge Wesley purchased a $500 school bond of a distant state. After he'd clipped a few coupons they began to come back unpaid, and when the bond came due they defaulted in paying the principal. Only this year our bank, on account of a Supreme Court decision, collected that bond and enough back interest to bring the whole thing up over $1,000." Mr. Clutchbill looked around on his silent, listening audience. "And now comes the funny part of it. The old state savings bank that failed in our town fifteen years ago had $25,000 of these same school bonds. I recollect the receiver sold the lot for 30 cents on the dollar to a feller by the name of Sam Lovell over in Wrynose in the western part of our noble commonwealth. Some of you will be going through Wrynose after the meetin' today and it would be a neighborly act to tip Sam off. He may have a fortune in his trunk in real . . . MONEY!"

THERE was a momentary hush. Then a chair leg squealed shrilly on the floor. Felix Holland of Wrynose had heard that word . . . MONEY! He leaped to his feet. With the heaven-born dodging sense of a cockroach he ducked through the openings. With a high running gallop he gained the door. Almost instantly the roar of a motor engine and rattle of hurried gears outside told that Felix was leaving.

There was a rush for the windows, but Mr. Clutchbill's voice boomed above the commotion.

"Boys! calm down! I ain't through."

The gathering turned and strained its eyes at the old gentleman.

"I ain't certain whether our late departed brother, Felix Holland, wants to buy them school bonds of Sam Lovell or whether he wants to tell Sam of his good fortune. But I begin to recollect now that Sam sold them bonds a while back for 70 cents on the dollar and called it a good trade." Mr. Clutchbill looked around and smiled. "You don't want to pay too much attention to these old stories of mine . . . I'm gettin' so old I get things mixed sometimes. But I'm still young enough so I want to be the first man in this state to suggest that we all git together and arrange for a state-wide service charge of 50 cents per month on accounts under $200. Are yuh with me?"

A general leg stamping and shouting of approval went up from the majority.

And that evening when Cashier John Atwood steered his car down out of Sumac Gulch, Director Clutchbill's spirits were bubbling with success.

"I tell yuh, John, I've lived to see it . . . after that service charge gits in its work a feller can take a $10 check on the street and be some certain there's something back of it. Ain't that right?"

# Pointers for New Employees

*By* WILLIAM EVERETT

A NEW employee anywhere is usually confronted with new conditions, to meet which requires study on his part and some assistance from those older in the service. This is particularly true of a bank or trust company where every conceivable kind of business finds contact. Some financial institutions take special pains to help beginners. For example, a large trust company in an eastern city of about 180,000 population presents each newcomer on its staff with a message prepared by one of its older clerks. The gist of that message follows:

---

The confidential nature of the banking business demands your best attention. You will, in one way and another, handle other people's money and valuables. You will have access to their account and some of their private affairs. We need not enlarge on the necessity of continual care in protecting their confidence.

Be very careful never to communicate, in any way, outside of the bank or your regular duties, any confidential information regarding the bank or any of its customers. Unless you cultivate this trait so it becomes a habit you can never properly fill a position in any bank.

Consider how you wish your own private affairs treated with due confidence. An example is the confidential relation that exists between a physician and patient or an attorney and client.

---

Next in importance is accuracy, which is necessary equally as much in the simple matter of delivering a paper at the proper time and place, as in a more complicated matter.

In the daily routine of a bank the requirements are such that the thing in hand must be done then and there, and with complete accuracy. Always take whatever time is necessary to be accurate.

---

Your conversation and contact with customers and fellow clerks should be kindly. Determine to speak and act courteously no matter what the circumstances may be. Unfailing courtesy is highly regarded in banking practice.

---

Another important factor in a bank is promptness. It can almost be said that in a bank there is no tomorrow. The work must be done today.

To be prompt does not mean to be unduly hurried. It does mean, however, to do things as fast as they come, if it is at all possible.

Keep ahead of your work, or it will get ahead of you. When you have a spare moment, do some of your work ahead of time, and thus be ready for any rush that may come.

Try to be ready for other work—which may be higher up.

It is required, of course, that you carefully observe office hours.

---

Bank work requires close concentration and necessitates all possible quietness. Never talk loudly. Go to the other person and talk quietly. Use the phone with other departments. Do your part to keep the room quiet. The unavoidable noise of mechanical equipment is bad enough.

---

The person who is naturally neat is to be envied, but neatness can be cultivated and acquired. Keep on your desk only that which must be there. Keep desk drawers as empty as possible. Once a week go over your desk and equipment to put it in neat order. Keep books, binders, files, inkwells, etc., always in good order. Never let your desk look "mussy." Keep your work moving right along—get rid of it today—wait not for tomorrow.

It is expected of course that you will be neat in your person and dress.

---

If you see a chance for improvement in the routine or equipment of your department, suggest it to your superior. Any practical suggestions will be adopted, but if your thought be found impractical, that should not at all hinder any further suggestions you would like to make.

---

Study every detail of your individual work. Know the "why" of it. So far as is proper, study the job next ahead of you. Beyond that avail yourself of the American Banking Institute Educational courses.

---

The joy of life is the ability to work—to accomplish things. Inability to DO things, is hard punishment.

Your work will hold real pleasure when you train yourself to do it efficiently. Give your whole heart to the present moment—be it occupied with work or play.

Don't fail to take recreation outside of business, but let it be clean and beneficial both physically and mentally.

Be careful about using the bank's time to discuss personal matters.

The social affairs of the bank's employees will give you suitable




**Fatigue!**

***Improper Seating is robbing you of much energy —***

THE stooped back, the worn out look, the nervous, irritated condition, the many mistakes—much of this is caused by improper seating.

Ordinary chairs are robbing you of energy and dollars.

Eliminate this loss with Do/More Chairs. Built after careful anatomical study, they provide ideal seating. The back, the center of the nervous system, is fully supported. The seat is so placed that it forces correct posture. The usual fatigue is eliminated, and volume and accuracy increased.

Do/More Chairs have the endorsement of efficiency engineers, doctors and physical examiners.

Learn what they will do for you. Send name and address for fully descriptive literature.

**DO/MORE CHAIR COMPANY**
**Elkhart, Indiana**

**DO/MORE HEALTH CHAIRS**

**SUPPORTS THE SPINE**
*for*
Office Workers
Telephone Operators
Accounting Depts.
Factory Seating
Banks
Schools






DO/MORE CHAIR CO.
Elkhart, Indiana

I am interested in proper seating, and would like fully descriptive literature on Do/More Health Chairs.

Name .....

Address .....

GF Allsteel
The Complete Line of Office Equipment

**Allsteel Files**

DRAWERS that operate at a touch, with velvet smoothness—greater filing capacity per unit—unusual fire protection—and *no wearing out.* All these are *Allsteel* File advantages.

Welded construction throughout, beautifully and richly finished in baked-on enamel, *Allsteel* Files—like the entire *Allsteel* Office Equipment line—guarantee you *permanent* satisfaction at a reasonable cost.

*Write for the new GF Allsteel Furniture Catalog*

The General Fireproofing Co.
*Youngstown, Ohio*
*Canadian Plant:* Toronto, Ontario
*Dealers Everywhere*



--- Attach this coupon to your firm letterhead ---

THE GENERAL FIREPROOFING CO., Youngstown, Ohio.
Please send me without obligation a copy of your Allsteel Furniture Catalog.

Name_____
Firm_____
Street No._____
City_____ State_____ BCH

opportunity for extending your acquaintance.

---

Your progress will be determined by your ability. Ability includes your training and efficiency in that which you do. There will always be opportunity for your efficiency, other factors being equal.

Be able to say: "Yes, I can do it, and I'm ready now."

---

If you will follow these suggestions you can not fail to become of value to both the bank and yourself. To ignore them will surely hinder the growth of your value, and impair your chances of success anywhere.

## Giving Them "Life" for Stick-up

(Continued from page 23)

Association, may be illuminating:

| Year | Number of burglaries | Amount of loss | Number of holdups | Amount of loss |
|---|---|---|---|---|
| 1922 | 41 | $130,000 | 10 | $ 14,000 |
| 1923 | 19 | 41,000 | 22 | 52,000 |
| 1924 | 17 | 1,700 | 24 | 117,000 |

In January of this year, the protective committee of the Illinois Bankers Association reported: "There were 73 burglaries and robberies in 1924, 36 more than in 1923 and 31 more than in 1922. Now the report that we have here of the burglaries in the state for the year, and the loss, is in itself alarming, the amount of loss that has been sustained by the insurance companies in the state during the year just closed. The burglary loss in damages covered by insurance in 1922 was $40,687. In 1923 it was $51,086. In 1924, it was $45,453. Now, it seems, burglary is not so attractive to the crooks; *their jobs are usually daylight jobs, holdups.* The robberies amounted in 1922, to $17,769. In 1923, $49,656. In 1924, $280,002. The increase in burglaries and robberies in 1924 over 1922 was $267,000 or an increase of 456 per cent."

In the light of such happenings in other states in the last three years, Minnesota presents a good record for discouragement of both bank burglary and bank holdup. This is the M. B. A.'s tally:

| Year | Number of burglaries | Amount of loss | Number of holdups | Amount of loss |
|---|---|---|---|---|
| 1922 | 18 | $ 7,971 | 5 | $ 24,980 |
| 1923 | 13 | 15,510 | 4 | 7,422 |
| 1924 | 12 | 6,543 | 4 | 6,685 |

Of the forty-three burglaries, twenty-one were unsuccessful attempts. Holdups continued constant in number, but losses from them fell yearly. Whether there would have been thirteen holdups in the three years if the life penalty had been pushed relentlessly from the beginning, no one knows.

## My Bank Helps Me Own Securities

(Continued from page 16)

is that anchor to windward. It is obvious that no one can safely attempt to accumulate securities by such a plan as I have outlined without a good-sized sum of money that is always available to protect the investment.

This sum I keep in my checking balance but I have an active savings account, as well. In this account I accumulate every spare dollar that I can lay my hands on. The account grows until I have enough to make the first payment on my next security. Then I transfer it to the checking account and place the order. The next week I set to work again to build up the depleted savings account.

It seems to me that that banker is short-sighted who refuses to advise those who are in a position to do it to purchase securities which he knows are perfectly safe, if he refuses for the sole reason that he is unwilling that they should divert their money from his savings department. After all, you can't fool all the people all the time. When they began to purchase Liberty bonds, the American people learned—many for the first time—that there are other ways than savings accounts in which money can be saved and that such ways are not necessarily dangerous. Surely after one has accumulated a reasonable cash balance and has it safely stowed away in a bank, the collection of a few good, substantial bonds is the next logical step. And as soon as its owner has acquired one bond he will want another. Even the use of the first as collateral for a loan which will nearly pay the purchase price of the second is not an unheard of procedure among business men.

FOR certain people, the best way to get ahead will always be by keeping in debt. Surely a note that will have to be met on a certain day furnishes the most powerful incentive for thrift and saving. A well-known and successful economist recently admitted that his own private formula for getting ahead is to bite off more than he could chew and then to chew it. There is all the difference in the world between debts due the butcher, the baker and the candlestick maker—debts that come from extravagance and bad management—and a debt due your bank but adequately secured by a first-class bond or stock certificate. In the former case, even money set aside in the bank is misappropriated. In the latter case, every dollar is working to the utmost all of the time.

The bank with a few such clients as I have described—people who are saving steadily through loans renewed at ninety-day periods, secured by

t-edged collateral—will make more oney from them than it would if they nained the usual sort of depositors ting aside a few dollars from time time whenever their rather aimless penditures happened to fall short their incomes. Surely such a plan I have described would give such ople a new view of their bank's tentialities. It would make their nk a more vital factor in their lives. Perhaps the time is still far distant hen any bank can advertise its illingness to assist all and sundry to rchase securities in the way I have dicated. Such a plan will have to thoroughly sold and more widely sed among people of relatively small comes than it is at present. It will quire months of education and direc- on. Still, a bank can meet its stomers half way when they ap- roach it with a view to ascertaining hat assistance it can give them.

In my case, I feel that my bank has een well paid for the service that it as given me but I am more than atisfied with that service. They have iven me a new and very vital meaning o that much abused word. And the est part of it all is the satisfaction hat comes from a transaction that has een mutually profitable and helpful.

## They Talk About Banking to High Schools

(Continued from page 18)

period, some forty-five minutes, and to say that they were well received is but to express it mildly. The students welcomed the opportunity of listening to some one actually engaged in the business of banking, and eagerly availed themselves of the privilege of asking questions. The Board of Education as well as the principals and teachers in the various schools readily recognized the advantages of supplementing their textbooks with these able talks. The speakers receiving the speaking assignments undoubtedly benefited from the experience of addressing an interested audience. Last but far from least, the banks have had the opportunity of presenting their case to those who in an incredibly short time will be the business men and women of Cleveland.

In most cases, the talks were given one week apart, the students having been instructed to take notes on each of them in anticipation of a "quiz" to be conducted by the teacher after the fifth talk. In the case of some of the larger schools, the speaker had to repeat his talks, as the classes interested could not all be accommodated at one session.

The committee in charge of this work express themselves as delighted with the reaction to the plan, on the part of both pupil and teacher. Plans are already being laid for a continuation of the work next year.



*Housing the Bell System*

MORE than 1900 buildings—many more than the structures in New York City officially designated office buildings—are owned by the Bell System—the A.T. & T. and Associated Companies.

Together with the land on which they stand, they represent an investment of $221,000,000. They furnish space for switchboards, other telephone facilities, and a numerous personnel. To investors they are visible evidence of the vast physical facilities required for the country's nation-wide telephone system.

The property of the Bell System, whose book cost on Dec. 31, 1924 was $2,266,923,466, and a service co-extensive with the nation, underlie Bell System securities.

*The dividend rate of the stock of the A. T. & T., parent company of the Bell System, is 9%. This investment stock can be bought in the open market to yield a good return. Write for booklet, "Some Financial Facts."*

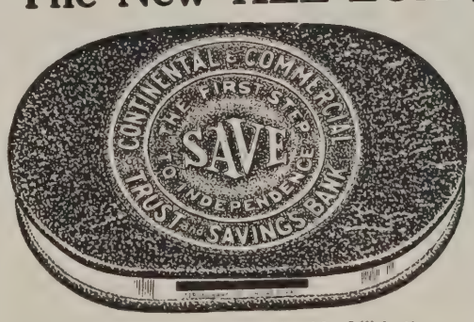
BELL TELEPHONE SECURITIES CO. *Inc.*

D.F. Houston, President

195 Broadway NEW YORK

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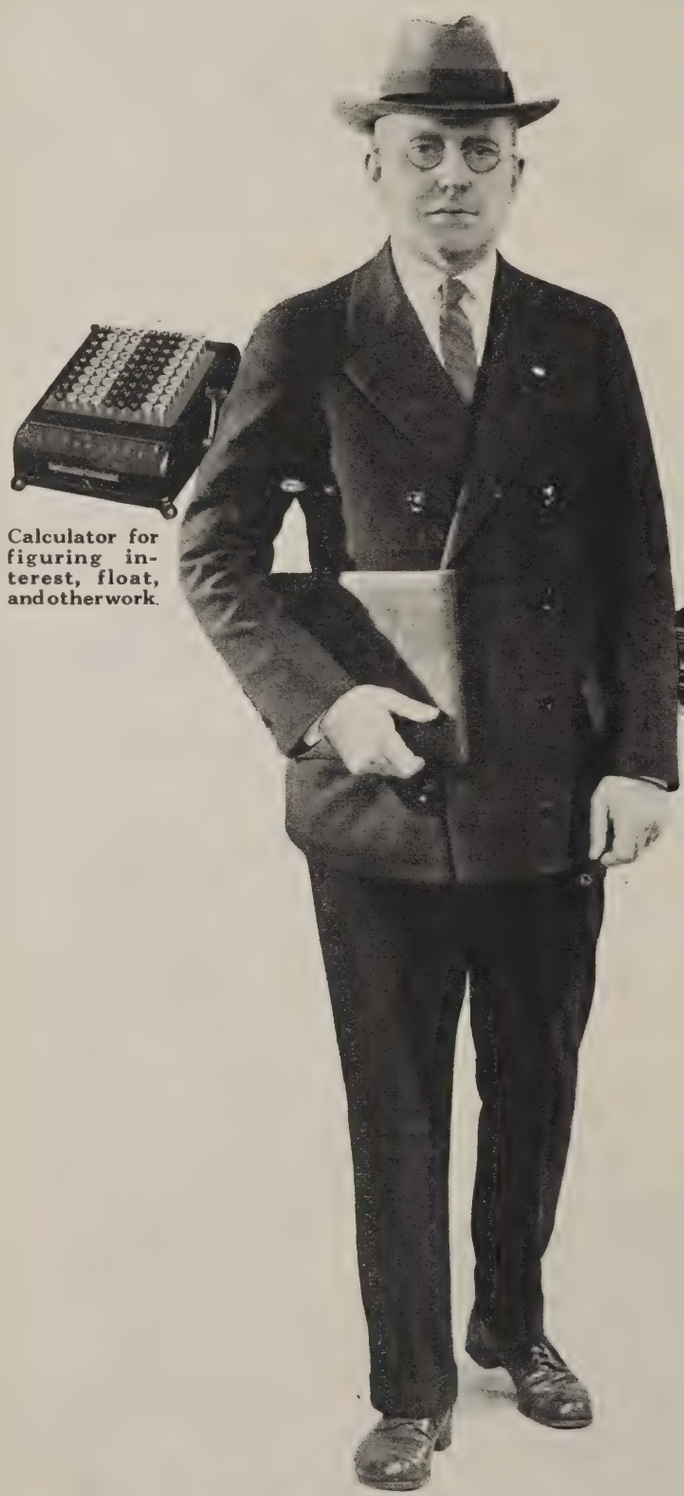
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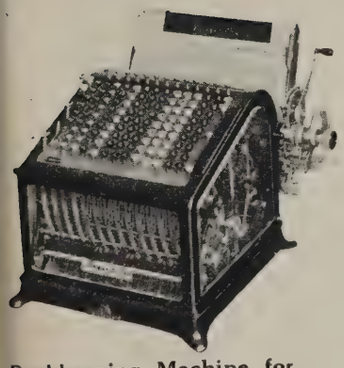
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## New York's Bank Consolidations

(Continued from page 14)

bank customer likes to feel that he is getting those two things from his bank—security and ample resources to take care of him in any emergency, plus the advice of the best financial specialists money can hire. In giving their customers those things, which some have not been able to do except by entering into combinations, most of the banks are reasonably sure that they will now or later get increased returns. The acquisition of trust departments and branches by means of consolidations of some sort have undoubtedly sprung from a desire to render a wider service to the people of New York. In order to extend their facilities, it was necessary in most cases to open branches and add a trust department. Generally speaking, the acquisition of this machinery was easier via the merger—which in many instances also provided the necessary capital for an expanding business.

Other advantages of these consolidations are the good accounts which a small bank often turns into the pot. Sometimes a smaller bank has a good account that it is unable to develop with its limited resources, but that same account is more responsive to cultivation into valuable business.

In certain neighborhoods, too, there may be splendid prospects who could not be interested by a small bank of limited resources but would immediately respond if a large bank opens up there. And consolidations frequently bring entirely new lines of business.

There is no general plan under which New York consolidations have been effected. A book could be written about each of them. The Irving Bank-Columbia Trust Company, for instance, united two families of banks both with numerous ancestors, trust companies, national banks, state banks and what not. The last merger was between the Columbia Trust Company, formerly merged with the Knickerbocker Trust Company, and the Irving National Bank, the former with a capital of $5,000,000 and the latter with a capital of $12,500,000. The exchange was on a basis of share for share. In June, 1912, the Irving Bank took over the Mercantile National Bank (which liquidated its stock) and Mercantile shareholders received the right to subscribe to $1,500,000 of new stock (the Irving Bank then increased its capital from $2,000,000 to $4,000,000) in the ratio of one share for every two held and Irving stockholders one share for every four shares held. Subscriptions priced at $175 per share. There is a story like that, or longer, behind every one of these fourscore of mergers or absorptions.



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IN THIS ISSUE

CRISIS FOR THE FEDERAL RESERVE SYSTEM
ZONE MERCHANDISING; "HEAT" FOR CROOKS

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## *The Editor's Indorsement*

HOW shall the Federal Reserve Act be revised for the best interests of business and banking?

"The whole question," says H. Parker Willis in his article on the subject in this number, "really comes down to the question of how many banks can make a living with their present numbers and with current conditions as they are in the country at large. Involved in it is the question whether the Reserve System can maintain itself, for it has shrunk both in numbers and in assets during the past year. We are approaching a turning point in our central banking history, and the two issues that are most in the eye of the public are branch banking and the cost of reserve banks, both of them touching the central question through the channel of costs and of competitive business getting. * * * The function of the Reserve System should be to adapt itself to natural changes. All this appears obvious when considered in the light of foreign experience and should be accepted here as axiomatic. Whatever is done about branch banking—whatever is not done on the subject—involves changes in reserve requirements and administration. These facts in the case are being more and more fully recognized and admitted as time goes on. They account for the attention that has been given to the two McFadden bills."



Dr. Willis

Dr. Willis was secretary of the Federal Reserve Board in Washington from 1914 to 1918 and has been director of research for the board ever since that time. He received the degree of Ph. D. from the University of Chicago in 1897, studied at the Universities of Leipzig and Vienna and has been professor of banking at Columbia University since 1917. He is the author of a number of books on banking and finance and is editor of the *New York Journal of Commerce*.

A SUB-COMMITTEE of the Economic Policy Commission of the American Bankers Association is making a study of all phases of the operation of the Federal Reserve System and the proposed amendments to the Federal Reserve Act. The sub-committee will report at the meeting of the American Bankers Association at Atlantic City in September and is expected to outline the bankers' views on various operations of the Federal Reserve System that have been the subject of controversy.

Speaking before the finance group of the Chamber of Commerce of the United States recently, Leonard P. Ayres, vice-president of the Cleveland Trust Company and member of the A. B. A. sub-committee, said that the most important result of the establishment of the Federal Reserve System has been the substitution of confidence for fear in the conduct of American business. "It has eliminated financial panics. It has done away with the recurring need for syndicates of New York bankers to come to the rescue of the United States Treasury and the national credit as they used to do under the leadership of Mr. Morgan in times of panic. In mobilizing the credit of the country and instituting a flexible currency, the Federal Reserve System constitutes an instrumentality of national defense more valuable in time of war emergency than a great and well-trained standing army."


# The Burroughs Clearing House

HERBERT SHRYER
*Editor*

C. D. MACGREGOR
*Business Manager*

JULY, 1925
VOL. 9 NO. 10


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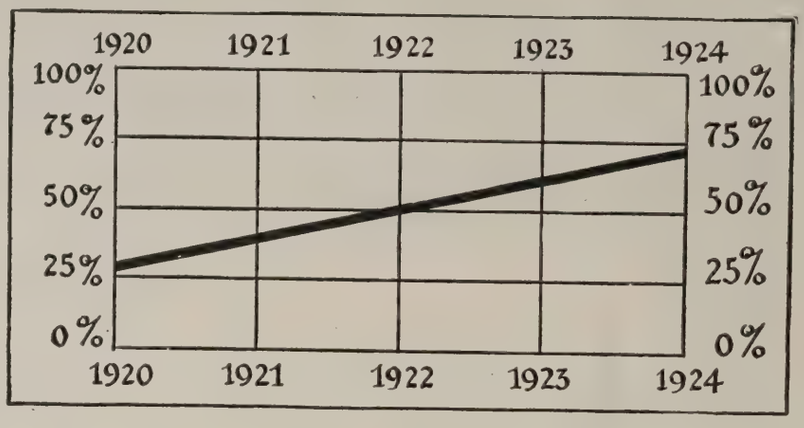

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*Published Monthly in Detroit, Mich.*

JUST as we go to press with Mr. McLellan's story, "Keep the 'Heat' Going for the Yegg," advising bankers to learn the slang of the bank crook as one of the best means of recognizing him, along comes the Illinois Bankers Association with this information: "What with treatises on administration of government, others pertaining to art and literature, theses and theorems on music and chemistry, books on history and travel and other cultural documents by the hundred (in the prison library), the bank robber and yeggman has it within his power to add to the polish he acquired before going to the penitentiary.

"This is not an attempt to prove or disprove the efficacy of making decent citizens out of crooks and the criminal class in general, but to show more clearly that the bankers and other business heads and institutions face a keen young man, well dressed and suave, on the business end of a pistol in this day and age and not the ape-like being who once operated. The bank robber of today is usually a man of attainments. At least two, whom we visited in the Iowa penitentiary, could talk as glibly of Chaucer, Scott, Homer and the other greats of literature, as a university graduate."

To catch a crook, first master his slang, and then dust off your seven-foot shelf of classics.

THIS month's cover is the entrance to the home of the Hibernia Bank & Trust Company, New Orleans, designed by Favrot & Livaudais, Inc., of New Orleans. H.S.




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Vol. 9, No. 10 — The Burroughs Clearing House — July, 1925

# How to Revise the Reserve Act?

## Discussing the Failure of the Original McFadden Bill, the Proposals for the New Measure, and Questions at Issue

*By* H. PARKER WILLIS

THE failure of the McFadden Bill, relating to branch banking, to pass the Senate was undoubtedly a very serious disappointment to many national banks. They had counted largely upon the adoption of the measure because it would grant them, they thought, an opportunity of making additional profits from sources which are now closed to them. They were also of the opinion that through its modification of the present branch banking position they would find the McFadden Bill placing them upon a much better basis of competition with state banks than that which they now occupy. Whatever may be thought of the McFadden measure—and its defects were many—there must be admission that it was a measure designed in the interest of national banks and intended to prevent them from converting into state institutions in order to get charters which in their opinion would give them better profitmaking opportunities. As Mr. Charles H. Hinsch of the Fifth-Third National Bank of Cincinnati, observed when testifying before the Senate Banking Committee, many national banks will find themselves compelled to withdraw from the system if present conditions are not improved. They will at all events "surrender their charters and take state charters, remaining in the Federal Reserve System."

### *A New McFadden Measure*

But the most unexpected outgrowth of the debate on the McFadden Bill has been the bringing forward of a new McFadden measure whose proposals are far more incisive and significant than those of its predecessor. This second McFadden Bill, introduced just before the close of the short session of Congress, nominally calls for the restoration of some of the fundamental provisions of the old Federal Reserve Act as constituted prior to our entering the World War. So quickly does time slip by, and so limited are the memories of busy men, that few now remember that the original Federal Reserve Act as enforced during 1915 and 1916 was a measure totally different from the Federal Reserve Act of today. The war amendments, which had begun to be gradually incorporated into it during its first two years, reached an extreme with the sweeping amendments of June, 1917, just after we had declared war. The banking bill then adopted practically remodelled the entire reserve structure of the system. What the McFadden Bill now proposes is nominally the demobilization of these reserves; and the basis for the demand is found in the fact that although trade and industry have been in like manner demobilized, the system of fixed prices ended, the control over capital issues and the movement of gold terminated, and a peace basis otherwise restored, we have never gone back to our pre-war situation—have never demobilized our banking through the repeal of the extreme and dangerous laws which were adopted in order to permit inflation with a view to the supposedly easier financing of war necessities.



Louis T. McFadden, Chairman, House of Representatives Committee on Banking and Currency, author of both bills

Precisely what was it that the war amendments chiefly did to our reserve structure? They made the banking reserve of the country consist entirely of balances on the books of the Federal Reserve banks. It is an amazing but accurate statement that today a bank might have a vault full of gold coin, yet could not count a single dollar of it as "reserve." It might have 100 per cent of gold behind its outstanding liabilities, and yet it would have to provide a "reserve" in the form of balance on the books of its reserve bank, either by transferring some of its gold to the reserve bank or by borrowing from the bank (rediscounting). Under the Federal Reserve Act as originally adopted, no such provision was ever thought of. Member bank reserves which were then fixed at 18 per cent in central reserve cities and 12 per cent for "country" banks, were required to be carried to the extent of about one-third of their amount in reserve banks. This meant 7 per cent for the large city bank, while in the vaults of that bank itself 6 per cent more had to be carried. The balance (or 5 per cent) might be either in the form of a deposit with the reserve bank or might be in the local vaults, according as the member bank saw fit to hold it. Today the city bank must carry in the vaults of the reserve bank 13 per cent of its outstanding liabilities, or about double the amount required under the original Federal Reserve Act. It carries this amount without interest; and, as



BOSTON

things are now going, without much prospect of dividends on the stock of its reserve bank which has required the additional tying up of about 3 per cent of its own surplus and capital.

*Reserve System and Branch Banking*

Bankers today do not find it very easy to make money and pay good dividends. The purpose of the politicians has been to keep discount rates and money rates in general as low as possible, and this object has been attained partly by the tremendous power of the Reserve System to pump out cash into the market whenever the rate showed signs of rising. The result has been a rather poor prospect for the effective use of a bank's funds, while in the case of member banks there is the heavy burden of reserves (and probably of non-profit-earning stock) to face. Ought this situation to be continued? That is the question which the new McFadden Bill raises.

It seems strange that a great question like this should have been obliged to wait upon the branch banking controversy to get a hearing, and yet that is the case. Branch banking is a way of getting a larger field of deposits, a greater turnover, and hence an opportunity for more earnings. Big banks, and some that are not nearly as big, have looked to it as a means of holding their own, and have been seeking a way of equalizing their competition with that of the various competing institutions which are pressing hard on them for business. They have been astonished to find the Reserve System opposing their efforts and attempting to make membership in it contingent upon a certain type of branch policy. They have not regarded this as a proper function of the Reserve System and they have been particularly surprised by the adoption of the attitude at a time when the burden of carrying the system has grown so heavy. Out of this has naturally come a disposition to call into question the whole status of our reserve banks upon the war basis, and to ask whether the plan is worth its salt at the present moment — a sad situation, yet a fact. So the whole issue comes to the front whether the Reserve System shall be put back upon its original basis; and incidentally whether it shall or shall not be allowed to regulate its membership in such a way as to hamper or cripple sundry of its member banks in their effort to make earnings, by using the privileges of the Reserve System as a make-weight for or against any particular group of institutions. Eventually, perhaps, the branch bank struggle was almost certain to develop into this broader question, but the issue is being urged in acute form a good deal earlier than had been expected.

The whole problem in a nutshell really comes down to the question how national banks can make a living with their present numbers and with current conditions as they are in the country at large. Involved in it, is the question whether the Reserve System can maintain itself, for it has shrunk both in numbers and in assets during the past year. We are approaching a turning point in our central banking history, and the two issues that are most in the eye of the public are branch banking and the cost of reserve banks, both of them touching the central question through the channel of costs and of competitive business getting.

*What Are the Merits of the Case?*

It is important to look at this matter from the standpoint of pure merit. And first of all we ought to recognize that although business considerations are very important, those of public welfare are even more significant. So we naturally ask first of all what would happen if we demobilized reserves and went back to the old form of Reserve Act. The first thing that would result from such a step would of course be the release of a large amount



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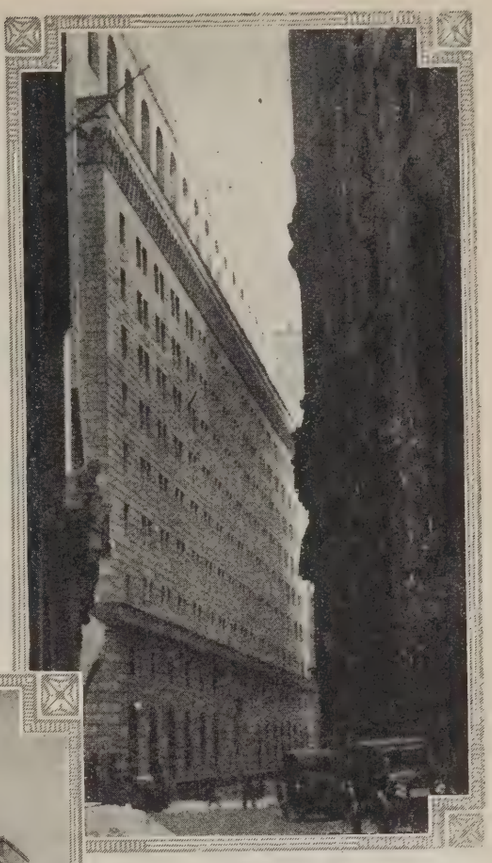


DALLAS

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of reserve money. Let us take for example the case of the city bank which now has to keep 13 per cent of its deposits on hand but which was formerly obliged to keep 18 per cent. For every $100,000 of deposits, this meant $18,000 under the old plan and $13,000 under the new, plus in the latter case such "till money," often a large amount, as had to be carried in the vault anyway without regard to reserve requirement. We may, however, confine attention to the bare reserve requirements and in so doing we find that under the old plan there would have been $7,000 in the reserve bank, $6,000 in the vault and $5,000 in one or the other, or divided between them. Under the new plan there must be $13,000 in the reserve bank, so that if we were to go back to the old plan it would be possible for a bank to withdraw $6,000 for every $100,000 of deposits and to put that amount into its vault for reserve use. This sum had originally to be carried and, it will be noted, in addition to $5,000 already there, so that on the new plan, reproducing the old one, this bank would have in its vaults $11,000 for every outstanding $100,000 of demand liabilities. Now just how, if at all, would this advantage the bank which made such a change and how would it affect the general welfare? It would in the first place reduce the cash holdings of reserve banks in the proportion of 13 to 7 and would thus compel them to go out into the open market and operate with what resources they still retained, if they wished to attract to themselves a part of the floating supply of reserve which might be either in the vaults of the member bank or in those of the reserve bank. How would they do this? Evidently by establishing rates of discount and conditions of rediscounting, including rates, such that it would be more profitable for the member to obtain reserve credits than to keep his funds at home. This would ordinarily mean the adjustment of rates in such a way that a member bank, say, could to advantage take the reserve money which it was carrying in its vault, "floating"—in the case above, $5,000 for every $100,000—use it to buy eligible paper, say acceptances, and then discount these acceptances with the reserve bank. Of course, it would not do that unless the rates were so adjusted that there would be a distinct margin of profit for it in such a rediscount operation. The same condition would apply to lending to customers. It would mean an active market for funds instead of a dead one. How would this affect the public welfare? That question can be answered either from the standpoint of amount of loan or of rate for money. In the main, it would probably result in a greater activity of banking operations, freer lending on certain kinds of paper, and corresponding speeding up of business. The question whether this would mean "inflation" or not would depend entirely upon the kind of business that was done and the use that was made of the proceeds of it. Inflation is not synonymous with good or active business as many seem to suppose, but is the converting of non-liquid or long-term or frozen assets into bank credit. This may mean temporarily active business but it also means high prices and all of the other inconveniences that are familiar adjuncts of the process. As to whether the use of the old method is preferable to the one now in vogue, this thought should be kept prominently in mind: There is no country on the face of the globe where central banking is practiced that requires the maintenance of a bank's entire reserve with it, as we require it in this country. The theory of central banking does not call for the placing of a very large reserve in the hands of the central banks. It does call for the establishment of an active discount market, with the central bank constantly at work for the purpose of regulating rates and of adjusting the internal and external relationships of the country so as to maintain a satisfactory supply of specie. The question now being asked apropos of the new McFadden Bill is whether we shall turn to the system of central or reserve banking employed by all other countries

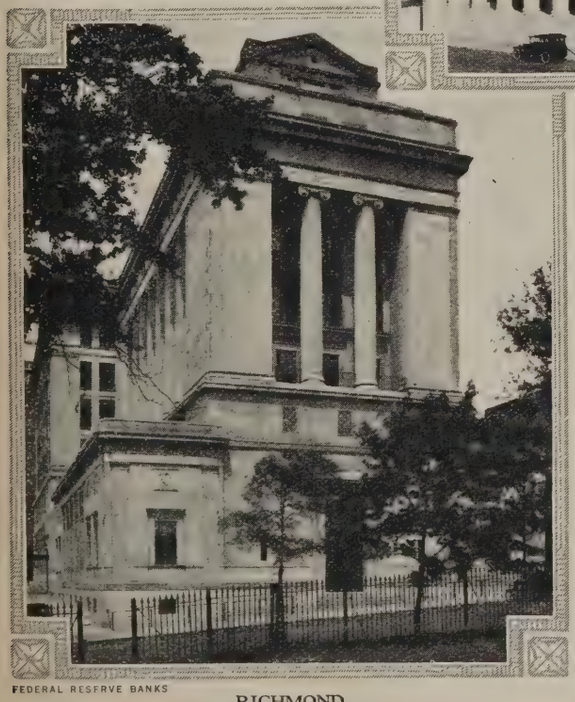
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NEW YORK



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FEDERAL RESERVE BANKS

RICHMOND

# Your Territory, Broke Or Rich?

## Figure It Out for Yourself. Don't Take the Other Fellow's Word for It. Likely You'll be Surprised




*By* ROSCOE MACY
First State Bank, Lynnville, Iowa

THE other day I was driving along out in the country, my head, as usual, bowed low 'neath the weight of the sorrows and distresses of my nation, state, county, and township. It has been my custom as a banker to realize anew every two or three hours the terrible extent to which our country has gone to the dogs. Our farms are all mortgaged, you know, and our farmers insolvent. The mortgages have crowded us country bankers off the seat of security, and left us squatting on thin air, trying to pretend that there is something under us besides our haunches. When, as occasionally happens, something of an encouraging nature turns up, and I feel a dangerous sensation almost akin to optimism arising within me, I suspect that I am losing my grip. This day I am speaking of, I was feeling particularly low.

My Henry chugged along, vouchsafing but a grudging obedience to my manipulations of the wheel, almost as though it realized that I was not really its master; that the interest of the G. M. Acceptance Corporation in and to its frame was greater than my own. Its mind, like mine, was apparently obsessed with the thought of mortgages.

It chanced that I was just passing the farm of Adrian Whiffleberry, generally regarded as the champion mortgagor of our territory. He and his wife do not vote in the primaries; they declare allegiance to no party except the "party of the first part." Their farm is plastered and blanketed with encumbrances. As I glanced at the buildings in the neat farmyard, I fancied I could detect the point, just below the upstairs windows, where the first mortgage left off and the second began. And there, 'way up above the roof, was the end of the second and the beginning of the third. My tears began to gush forth again, as I thought of poor Adrian, pertinaciously working away year after year, under such a burden of debt. How must it feel, to know all the time that one is working only for his mortgagees, without hope of having anything left for himself above a bare subsistence? A sad state of affairs, to be sure—and practically every farmer in our parts was in the same boat, I blubbered to myself.

JUST as I was drawing out my handkerchief to wipe the tears away, Adrian stepped out of the house, and possibly mistaking my action for some sort of a chautauqua salute addressed to him, he gave me a cheery wave of the hand in reply. To my overwrought imagination, it seemed that his simple gesture was charged with a different significance—he was pushing back with his hand the suffocating folds of the first mortgage so that he might breathe more freely for a moment. Just then the thought struck me that Adrian's title, such as it was, extended to the middle of the road I was traveling, and this fact went far to explain the difficulty I was having to keep Henry headed down the middle of the highway. The right half of the flivver was plowing through Adrian's mortgages! It next occurred to me to wonder why the pressure was not equalized on the other side, and then I realized that across the road lay the choice half-section belonging to one Albert Dinklebell, whose boast it was that he had never in his life signed a note of any kind. Good old Albert! It was a relief to think of him at such a moment. No matter how heavily our average farm was encumbered, here was one that would always be as clear as the eye of a Quaker maid.

A half-mile further along, I waved a greeting to old Cassius Sourdoe, who was out helping his boys mend the line fence. Now, it has always been a mystery to me why old Cash keeps so eternally busy out there, when he is supposed to have retired from active

life on the farm. There was certainly no need for him to be building fences, and performing such arduous labor, when he has the income from three big farms to support him, and no interest to pay. Aha! What's that you say—no interest? Why, sure enough, I remembered that the old Sourdoe homestead, together with all the accretions added by Cassius during a lifetime of toil, had not a scratch of a pen against it! That is, if we except the old Claybergquarter-section across the road, which young Ernest Sourdoe purchased a few years ago, and upon which a small part of the purchase price is still secured by mortgage. Even this was not really an encumbrance of the sort I had been thinking of, being all in the family as it was.

At that point I began to sit up and take notice. My tears had miraculously ceased to flow, with the realization that there were actually two adjoining farms, of large acreage, in our township, without a sign of a lien against them. I had theretofore been accepting the guesses of our local wiseacres as gospel.

Then, too, all the papers spoke of the Iowa farmer as being up to his ears in debt, and I supposed of course that the editors had been out to the farm and had personally discovered him in that situation. It had never before occurred to me to investigate the matter for myself. During the rest of my drive home, I kept my eyes and mind open, and by the time I arrived, I was so eager to get hold of a pencil and a piece of paper that I drove right over my wife's pet rosebush, and tracked mud all over the front steps on my way into the house.

That evening I got out the county atlas and put down a few figures. They were a revelation to me. I marked out the territory with which I was absolutely familiar, and upon which I knew the amount and due-date of every mortgage. This comprised some thirty sections of farm land in all, containing 19,119½ acres of ground.

Of 143 farms, eighty-one were absolutely clear of all liens and encumbrances! Sixty-two were encumbered for a total of $724,200.00, an average of approximately $90 per acre on the mortgaged land. The unencumbered acreage totaled 10,959½; 8,160 acres were mortgaged. The total value of the land surveyed may be conservatively estimated at $3,345,900. These figures I have since verified from the records.

Since the day I chanced to pass the Dinklebell farm with my eyes open, I have not shed a single tear for the desperate financial plight of our neighborhood. My handkerchief has regained its former proud state of masculinity, and I now use it only to blow my bugle like a man; never again shall it wipe away tears from eyes of mine.

The lesson herein is plain. Our community is an average Iowa neighborhood—neither above nor below the mean, peopled with average farmers of average financial standing. Our trouble has been that we have had the average number of gossips who are uncomfortable in the abdomen. You know the kind—they stomachache around from morning till night about hard times, and busted farmers, and corrupt politics, and shaky banks. That's all they have to do.

If you, Mr. Other Banker, will survey your own territory with the facts before you, you will have your eyes opened as I did, and you will have provided yourself with a fusillade of figures which may be used to drive your local cases of crab-apple colic to cover.

### The Survey

| | |
|---|---|
| Total number of farms surveyed | 143 |
| Total acreage of farms surveyed | 19,119½ |
| Number of farms clear of encumbrance | 81 |
| Total acres clear of encumbrance | 10,959½ |
| Percentage clear of encumbrance (number) | 56.6 |
| Percentage of acres clear of encumbrance | 57.8 |
| Number of farms encumbered | 62 |
| Number of acres encumbered | 8,160 |
| Percentage of farms encumbered | 43.4 |
| Percentage of acres encumbered | 42.2 |
| Average encumbrance per acre of mortgaged land | $ 88.87 |
| Average encumbrance per acre of all land | $ 37.92 |
| Total of encumbrances | $ 725,200.00 |
| Total value of land examined | $3,345,942.50 |
| Percentage of total encumbrance to total value | 21.6 |

Sections 1, 2, 3, 10, 11, 12, 13, 14, 15, 22, 23, 24, 25, 26, 27, 34, 35, 36 in Lynngrove Township.

Sections 13, 14, 15, 22, 23, 24, 25, 26, 27, 34, 35, 36 in Richland Township—all in Jasper County, Iowa.

# Kansas City Ready for the A. I. B.

ABOUT 2,000 delegates are expected at the annual convention of the American Institute of Banking at Kansas City, July 13-17. The guests will begin to arrive Monday morning, July 13.

Monday will be taken up with registration and visiting the banks. Monday evening there will be a smoker for the men and a card party for the women. Later on a get-together "mixer" will be held with dancing and refreshments. Tuesday morning will be the opening convention session, the presiding officer being Edwin V. Krick of San Francisco, national president.

One of the principal features of an institute convention is the departmental conferences. Conferences are arranged on every phase of banking activity, and outstanding men are chosen to lead the various sections. These conferences will be held with the following chairmen:

Audits and Examinations—S. A. Wardell, Federal Reserve Bank, Kansas City.

Bank Administration—H. S. Cohen, Citizens & Southern Bank, Atlanta, Georgia.

Bonds and Investments—C. R. Davenport, Fred E. Nolting Company, Richmond, Virginia.

Checks and Collections—Melvin Thies, Union Trust Company, Chicago, Ill.

Credits—Clarence R. Chaney, Northwestern National Bank, Minneapolis, Minn.

Foreign Trade and Foreign Exchange—W. D. Thurston, Baltimore Trust Company, Baltimore.

Savings Bank—Roy C. Van Denberg, Savings Bank of Utica, Utica, New York.

Trust Functions—R. R. Bixby, Mercantile Trust Company of California, San Francisco.

Business Development and Advertising—O. F. Meredith, Bank of America, New York, N. Y.

The conferences will begin Tuesday afternoon at luncheon and last through until four-thirty. Other sessions will be held Thursday afternoon and Friday morning. Tuesday evening has been left open to allow various chapters and other groups to have dinners or other meetings. On Wednesday morning the annual debate will be held.

Wednesday afternoon and evening will be given over to entertainment. An automobile ride over the boulevards

(Continued on page 43)

# For Protection Plus

## An Ingenious Type of Armored Cars and Other Protective Devices Installed Throughout a Los Angeles Institution

*By* MICHAEL J. PHILLIPS

A CAR nosed out of a downtown garage in Los Angeles and into the morning stream of traffic. It was a peculiar-looking vehicle, broad and low and heavy, with steel wheels and a square black body. No windows broke the smooth surfaces of the sides and rear. Two men sat in the driver's compartment, so hedged in by overhanging roof and high sides and cowl that only their heads were visible. A windshield so thick and heavy as to be bullet proof, protected them in front.

At the rear of the car a cupola projected two feet or more above the roof. In it are small windows, also protected, and all about a series of loopholes. The occupant of the fighting-top could see readily in every direction. Because of the height from the pavement he was well above the current of travel and his line of vision extended several blocks.

It is well that the occupant of that small fort was equipped. For the vehicle which he rode is "Old Ironsides," the senior money-gatherer for the Hellman Commercial Trust and Savings Bank. Sometimes it has brought, from a single day's rounds, three million dollars in gold and currency. The car, looking not unlike an army tank, and as completely, though not as heavily armored, weighs four and a half tons. Unlike the tank, however, it is capable of high speed. Its duty is to gather the surplus from thirty-two Hellman branches about the city and its outskirts and bring the money to the main vaults.



A collector transferring money from the bank to "Old Ironsides"

On this particular morning the sentry in his fighting-top sat tensely in his place. His eyes roamed constantly from front to rear. He scrutinized all parked cars and gave cross streets his earnest attention. He saw nothing suspicious, until Old Ironsides had covered most of its tour. And the money box below his feet in the body of the car bulged with the wealth of an empire.

Then, as the armored car headed into an alley in a sleepy little suburban town to reach the back door of an isolated branch bank, a long black automobile bobbed up from nowhere. Its curtains were in place. A pasty-faced youth wearing a long-visored cap and smoking a cigarette crouched behind the wheel. Another, as like him as a twin, sat beside him. The latter's hard, ratty eyes turned ostentatiously everywhere but on Old Ironsides.

The interior of the pursuing vehicle was dim, but the man in the turret could distinguish several forms.

Old Ironsides drew up at the rear door of the branch and halted. The alley, lined with brick buildings, was too narrow to permit of the touring-car passing. But another alley at right angles bisected the block from opposite the tail of the treasure-car. An expert driver could turn sharply to the right and go out the other alley.

The touring car came on slowly. The ferret-faced man beside its driver sat up alertly and fumbled beneath his coat. There was a silent movement in the tonneau.

Suddenly the muzzle of a sawed-off shotgun thrust itself with metallic clangor through a porthole in the rear of the bank car's turret. It commanded absolutely the pursuing vehicle. Another clang; and another ominous black snout appeared in an adjoining porthole.

"Come on!" invited a voice from the turret. "If you want it, come and get it!"

THE driver of the touring car jumped on the brake. The car stopped with a jerk. In panic he clashed into reverse and shot crablike out of the alley along the route he had come. In the street again he turned sharply and the car whizzed up the street. But a miscalculation engendered by fear of those shotguns caused him to leave a fender, brushed off by a brick wall, behind him.

"What's the fuss, Charley?" grinned R. D. Jackson, driver of Old Ironsides, peering out from his protected seat.

"No fuss," growled the disappointed sentry. "I thought there might be a ruckus. That holdup gang again. This is the third day running they've trailed us. They had their nerve all jacked up to start something until Tom and Jerry bid 'em good day." As he spoke he withdrew the shotguns, each carrying heavy charges of buckshot, from the portholes.

In two years this is the only attempt, half-hearted though it was, to rob the Hellman car. Even though bank holdups and the robbery and murder of payroll messengers have been deplorably common in Los Angeles as in



The identical stagecoach which Herman Hellman, Sr. drove. Standing beside it are Irving Hellman and his brother Herman

other big cities of the country.

There was just one other incident, so slight as barely to deserve the designation of adventure. A touring car showed up regularly somewhere along the route of Old Ironsides for several days, but an intensive study of the squat black monster convinced the occupants that an attempt to storm the Hellman cruiser would be profitless and unhealthy.

THE "Charley" who sits up there daily in the turret is Charles A. Alexander, former member of the Mexican border patrol in the United States custom service, and a crack shot with any sort of weapon. All kinds of firearms share the cupola with him—high powered rifles, riot guns and automatic pistols. And he has ammunition enough for each of them to withstand a siege.

The car was designed by J. W. Wenzell, chief investigator and head of the detective force of the Hellman banks. He modified a set of plans purchased from an inventor who called at the main office with an armored-car scheme. The inventor had the right idea but he didn't go far enough in the elaboration and strength of his protective equipment.

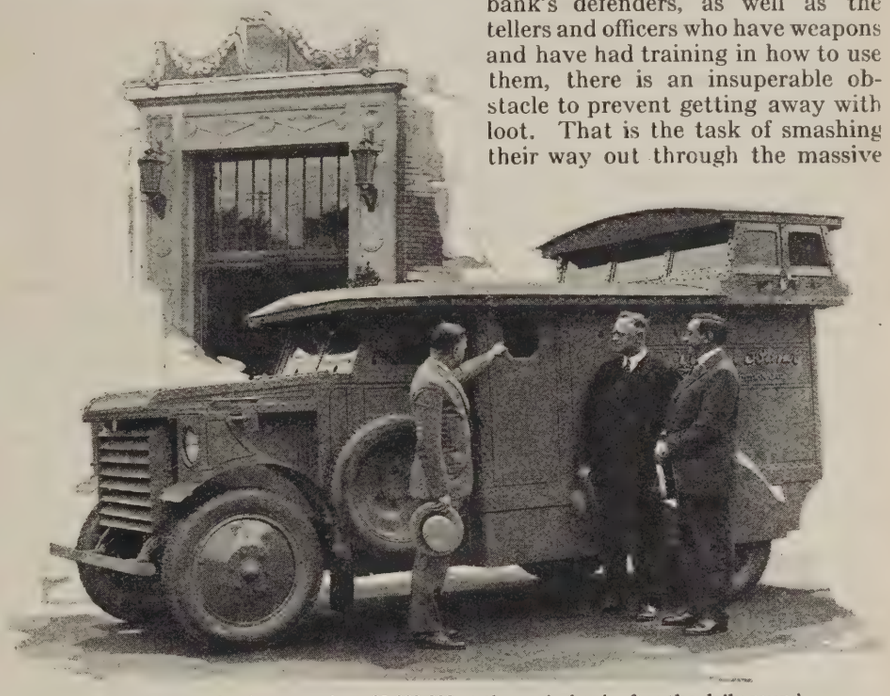
Wenzell built the plans up until he believes the vehicle, turned out in Los Angeles shops, is impregnable against anything short of artillery. And he knows crooks and their mechanical outfits. He is former chief of police of Racine, Wisconsin; has served on various private protective forces; and was also in the Los Angeles police department before going with the Hellman banks.

Every part of Old Ironsides' body will turn small-arms and machine-gun bullets, though propelled by smokeless powder. Should an attack be made, Alexander, independent of the driver, can dictate on what terms he fights. Close to the lookout's hand are electrical appliances which will stop the motor and lock the rear wheels of the car. He is in sole control of the lever which opens the door of the moneybox. This lever can not be reached from outside. He controls also the automatic locks that seal the body of the car.

Should Old Ironsides be disabled by the smashing of a wheel, and so prevented from using its speed to make a getaway, Alexander is all fixed to fight it out with his adversaries. He has the advantage in a pitched battle, because he is safely under cover and they are not.

They can not easily run off with his fort, since a touch locks the wheels. Of course they might drag it away if they could hook say a powerful truck or a tractor to it. But that is not a joyful prospect to contemplate. For meanwhile Alexander would be favoring the hookers with every kind of shot in his locker. So it isn't a good bet.

There is no chance for a stampede by even a large and reckless band of criminals when the car comes to the main bank to be unloaded. It enters a chute which is just wide enough to admit it. The passage is too narrow even for a small man to squeeze between the side of the car and the granite of the bank wall. A grated door slides up; the steel door in the side of the car is unlocked from within and slips to the right to reveal a corresponding opening. The money is passed through. Meanwhile the car is locked in place and Charley Alexander sits on guard.



It sometimes unloads as much as $3,000,000 at the main bank after the daily round of the thirty-two branches

Mr. Wenzell, who designed the electrical protection in the bank as well as the armored car, recently put another vehicle, Old Ironsides' little brother, on the road. This is the "Monitor," which is smaller, quicker and lighter, and he does not go on such long cruises.

Precautions equally elaborate and well thought out have been taken to protect the interior of the Hellman citadel of cash from assault. Let it be supposed that a gang of bad men invades the bank and invites any officer at his desk or any of the twenty-four tellers to "fork over." At once a button is pressed.

That button does several things. In front are three sets of magnificent bronze doors, the main entrances from Spring Street. These, propelled by a powerful battery, immediately crash shut, and are locked. So are all other exits by the same gentle pressure. A red light flashes over the danger point, and five armed guards, constantly on duty, converge on a run toward the spot, unlimbering their weapons as they come.

The button also turns an indicator on an electrical callboard in the basement, before which Chief Wenzell sits. This board is not unlike a bellboy callboard in a hotel. When the moving finger turns—though it has never done so yet except in tests and rehearsals—Wenzell calls the police, grabs his sawed-off shotgun and rushes upstairs to join in the melee.

Wenzell has the only key which will unlock the doors after the alarm button has closed them. Even if the robbers were able to shoot down all six of the bank's defenders, as well as the tellers and officers who have weapons and have had training in how to use them, there is an insuperable obstacle to prevent getting away with loot. That is the task of smashing their way out through the massive doors and protected windows before the police riot squad in fast cars arrived—a specially trained riot squad armed with the inevitable sawed-off shot gun, as well as rifles. Of course escape would be improbable if not impossible.

The annunciator system is not used alone for the alarms of war. A button on the opposite side of every desk and window is pressed to give service. An officer at another callboard goes to the indicated window and takes the customer in charge, staying with him until he reaches the person he wishes to see.

THE bank's vaults are closed by two sets of doors, padded and protected by steel wool, which makes them bullet proof. The vault is said to be fireproof, cycloneproof, waterproof and earthquakeproof. It cannot be dynamited or opened with glycerine. The only thing which will swing back the doors is the regular device.

The safety-deposit vaults in the basement are protected by a twenty-ton steel door which swings at a touch. It is fitted with cold-steel plungers.

No one is ever permitted in the

safety-deposit department alone. Attendants are constantly hovering about. Any person may take his box and go to a booth. When he emerges an attendant immediately enters to see if any valuables have been overlooked.

It is a curious fact that many people get flustered when they open the box containing their savings. Then they do queer things. Sometimes bonds are thrown into wastepaper baskets. Consequently there are no baskets or other receptacles in Hellman booths. Anything discarded is left on the shelf or thrown on the floor. Scarcely a week passes, even at that, in which Hellman attendants do not recover valuable papers from the booths.

The magnificent new height-limit Hellman Bank Building at the corner of Seventh and Spring Streets was opened for business on February first, 1925. It, and the Merchants' National Bank of Los Angeles, two of the strongest financial units in the West, are the outgrowth of the banking business of Hellman, Temple & Company, established in 1868. Isias Hellman was senior partner; his brother, Herman, who came with him from Bavaria to California in 1859, was associated with the company for many years.

Herman Hellman, at the age of fifteen, started out for himself as an employee of the freight and passenger line of Col. Phineas Banning. This line operated a considerable fleet of vehicles between Wilmington Harbor and Los Angeles.

Five years later, when the long, sparsely populated stretch of country was infested with bandits, murderers, horse and cattle thieves, young Herman became stage driver between Los Angeles and San Francisco. The trip took several days and the driver and his rifle were the only protection for passengers and express.

ONE of the notorious bad men of the time was Tiburcio Vasquez, a native Californian of Spanish extraction, who was hanged for murder—one of many murders of which he was accused—a few years later at San Jose. Tiburcio learned that on a certain trip Herman Hellman's stage would carry a brass-bound safe containing five thousand dollars in bullion. So Vasquez and his gang attempted to hold up the stage in one of the lonely passes near the hamlet of Los Angeles.

It is a far cry from the top of a plunging stagecoach to Old Ironsides, but the indomitable spirit of Herman Hellman points the way for the treasure guards who follow him in the Hellman bank sixty years after. Bullets whined about his ears. He whipped his six horses into a wild gallop and trusting to them to keep the road, he snatched up his rifle and returned the fire. The duel continued for miles, but Hellman rode victoriously into Los Angeles, the box of gold intact.

A famous painter has done that stirring picture in oil, and it is the trademark and the guiding star of the Hellman banks. Replicas of the painting adorn the walls of the branch banks, and the stationery.

Two of Herman Hellman's sons guide the big banks. Marco Hellman is vice-president of the Merchants' National and gives his time to its management. Irving is vice-president of the Hellman Commercial Trust and Savings Bank and is actively in control there. They are financial leaders in the Pacific Southwest and have wide interests—in theatres, real estate and moving pictures, among others. The celebration which accompanied the opening of the new banking house last winter attracted many notables from the business and cinema world.

# Keep the "Heat" Going for the Yegg

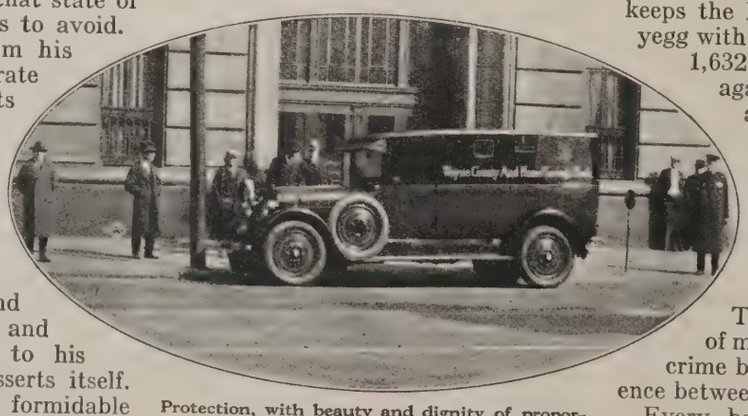
*By* HOWARD McLELLAN

Formerly Division Manager, the William J. Burns International Detective Agency

ASK a seasoned bank yegg why he doesn't operate in San Francisco, or some other city whose banks are equally well protected against attack, and he'll tell you, if he talks at all, "because there's too much heat." Or ask him why there wasn't so much bank robbery in the Northwest last year. He will give you the same answer. He has a tough hide but he can't stand "heat." It makes him shiver.

"Heat" is the underworld term for police vigilance and agitation, public excitement and indignation aroused by crime, in fact any activity making it hazardous for him to operate. Like most terms in yegg jargon, it is very appropriate and denotes that state of affairs he is most anxious to avoid. And unfortunately, from his standpoint, he cannot operate without causing it. It hoists him on his own petard. He builds the fire and is in turn burned by it. The hotter it is, the greater his distance from it. When the agencies charged with dealing with him lapse into apathy and inaction, the "heat" cools and the incentive to return to his old stamping ground reasserts itself.

Since "heat" is such a formidable enemy of the bank yegg, it follows that plenty of it, intelligently and continuously applied, is the surest way to get rid of him. He conveniently builds the fire but unless it is stirred, constantly replenished and maintained at a scorching temperature, its value as a crime preventive is nil. The professional bank yegg is well aware that public indignation, after a crime, is short-lived and police activity seldom outlives public interest. For a while the newspapers carry seven-column streamers about the crime wave and eminent criminologists intrigue the public with the biological reasons for it, but, in the end, as a rule, the practical yegg is busy again in the old haunts and in about the same old way. The scientific criminologist "jazzes" him—to use the expression of a well-known bank president—and towards this kindly treatment he displays the utmost ingratitude by going to work again, perhaps just where he left off.



Protection, with beauty and dignity of proportions—an armored car of the Wayne County and Home Savings Bank, Detroit

THE unremitting application of "heat" has, however, a rich reward to those who suffer most from yegg attack—the banks. Day in and day out the American Bankers Association keeps the home fires burning for the yegg with this result: in thirty years 1,632 burglaries were committed against member banks of this association entailing a loss of $1,212,000 while, in the same period, 2,374 burglaries were reported against non-member banks with a loss more than three times greater—$4,170,000, to be exact. The association spends a lot of money for protection against crime but the reward is the difference between the losses.

Every bank yegg in the country knows what this organized "heat"

## Tell-tale Slang of the Yeggs

Here are some of the words from the jargon of the underworld that are most often used by bank yeggs, and which stamp the user as a professional crook:

Badge—A police officer or detective
Stir—Jail
Racket—Any criminal occupation
Heavy—An experienced bank robber
Box man—A first-class safe opener
Knob—A safe combination
Screw—Key
Hot stuff—Stolen property
Hot paper—Stolen bonds
Worm—To bury loot
Shieve—To double cross
Cannon—Armed burglar
Torchman—Expert torch user
Honkey tonk—Small town yegg hangout
Bank—Bell joint
Soft spot—An easy bank to rob
Run—Route followed
Owl—Yegg auto driver
Razor—To divide loot
Settled—Sentenced to prison
Sprung—Released from prison
Grand—One thousand dollars
Clout—To rob
Rap—To identify a crook
Make—To identify a crook
Cinder dick—Railroad detective
Cut the talk—To cut telephone wires
Mouth-piece—Yegg lawyer
Croaker—Yegg doctor
Fish—A worn-out yegg; informant
Glue pot—Postoffice
Heat—Police activity
Rib rubber—Holdup man
Paper hanger—Bad check operator

means; knows that whether or not he is active, his mere presence under suspicious circumstances automatically creates "heat." No matter where he is, or who he is, he knows the heat burns with uncompromising pain and he can only keep away from it by quitting his line. Of course yeggs do attack member banks of this association but the quoted figures show how infrequently, in comparison, and how unprofitably. Mere spasmodic applications of heat do not turn the trick.

Time and again yeggs arrested for bank crimes have apologized for attacking an A. B. A. bank. Some have taken great pains to assure investigators that they had no idea "the bank was in the A. B. A." or protest that in "all their lives they never attacked a member knowingly." They have the same unholy respect for aggressive police departments, or any single bank or groups, that insist upon dealing with the criminal on a resolute basis, and who, regardless of crimes already committed, maintain unrelenting vigilance.

This vigilance may take the form of inquiries about known criminals among police departments; checking up on them here and there to ascertain their whereabouts and their activities; watching them when they turn up and jailing them, giving them tickets of leave. Every day the A. B. A. protective committee's detective agents do this, indexing and cross indexing the information received and exchanging it. The mere asking about a yegg, in the most casual manner, of his friends, serves notice that he is being watched and he thinks twice before entering into activity when those inquiries are being made. He becomes hunted and haunted. The organized system of espionage is always nipping at his heels.

AND this is the surest way of preventing his depredations. To follow a criminal after he has committed a crime is what he naturally expects but to keep an eye on him when he is not active is something else again. This kind of "heat" may not burn so brightly from the outside but it is quite close and very apparent to the crook. It costs money, to be sure, but the economy resulting from reduction of crimes is well worth the expenditure and there s this to be considered: the potential danger to human life is minimized, for whenever armed bank yeggs operate they are prepared to do their worst—monetary losses may be made up, but human life never.

Three years ago a series of daring bank raids occurred in the Northwest and the usual investigations followed. The banking fraternity need not be reminded of the sufferings of the banks in that section of the country. A prominent banker, describing the situation, remarked that "it was just as well some of the banks closed when they did for the yeggs would have gotten them anyway." The yegg brotherhood singled out the banks of northern Montana for a starter and an epidemic of attacks ensued. The situation was extremely difficult to deal with because the mobs alternated between Canada and Montana, robbing a couple of banks one night in Canada and repeating the dose next day in Montana.

Finally the Montana Bankers' Association determined to end the wave, not only to ferret out the crooks who had knocked over the banks thus far in the campaign but to serve notice that Montana would no longer tolerate the gentry. A few months of intensive heat rounded up more than a dozen yeggs and sent them to prison. But the bankers went further. They drove every known yegg out of those parts and there was a general exodus. Of course this should have been done by the public authorities but they had neither the experience nor the funds with which to do it and the association, co-operating with the national association, did the work, and a good job it was. Montana has been singularly free from attack since. The crooks who were put away were found in many different states; there were many attempts to compromise but the association stood adamant and, in doing so, spelled the doom of concerted bank attacks in that part of the country. The "heat" was kept up; it continues today.

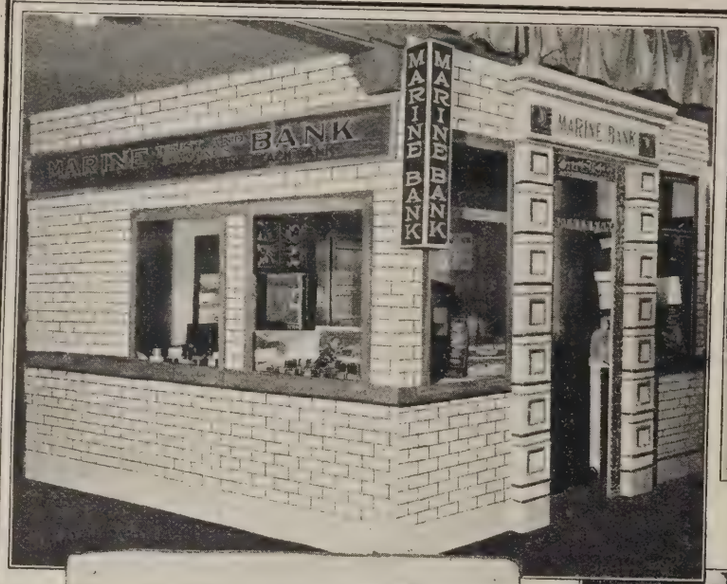
There is hardly a "yegg" joint remaining in Montana that will run the risk of harboring bank crooks because there is always danger of creating white heat and that, as previous experience taught, is very unprofitable not only for the yegg himself but for his harborers and his friends. In classifying the temperature of various sections of the country, the yegg puts Montana down as very hot. More than $180,000 in stolen bonds, taken from banks on both sides of the border, were recovered as a result of this general round-up.

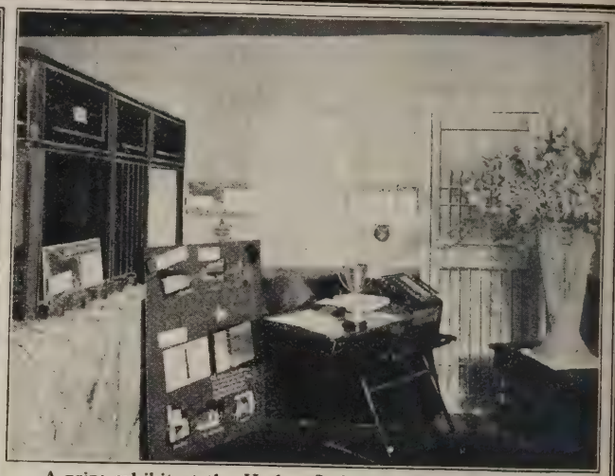
LAST year the same procedure was followed in North and South Dakota which, for years, were notoriously infested with yeggs. Three or four bank burglaries occurred every week during the late summer and early fall months until the state bankers' associations in those states working with the national association, got busy. Recently the secretary of the North Dakota association announced that North Dakota had gone through the bank raiding period without one attack and this wholesome situation, he said, was due to a clean-up which landed two or three border gangs in the penitentiary and led to a general exodus of yeggs from their favored spots in that state and Canada. "Heat" was generously applied during the round-up. Relations between notorious yegg leaders and crooked politicians were severed; yegg hang-outs were put out of business and the police authorities were given a liberal education in how to find the bank yegg and deal with him. Sources of supply for burglars—tool shops, oxygen and acetylene torch caches—were carefully checked and closed to them. Many of the scorched yeggs fled to other states and concentrated in large cities.

To anticipate the erroneous conclusion of the uninitiated that the practice of cleaning up only temporarily shifts the scene of yegg activity, it is only necessary to explain that as long as yeggs are driven into large cities, less is to be feared from their activities. Large cities are in a better position to handle their yegg populations, much better able to cope with them than the smaller places. Nearly every large city has its underworld but

(Continued on page 40)

# With the Camera



A prize exhibit at the Harbor Industrial Exposition, Long Beach, Calif., a miniature reproduction of the Marine Trust & Savings Bank, Long Beach, exterior and interior

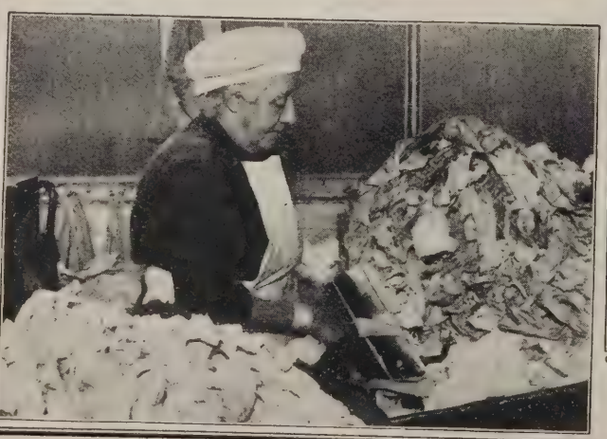


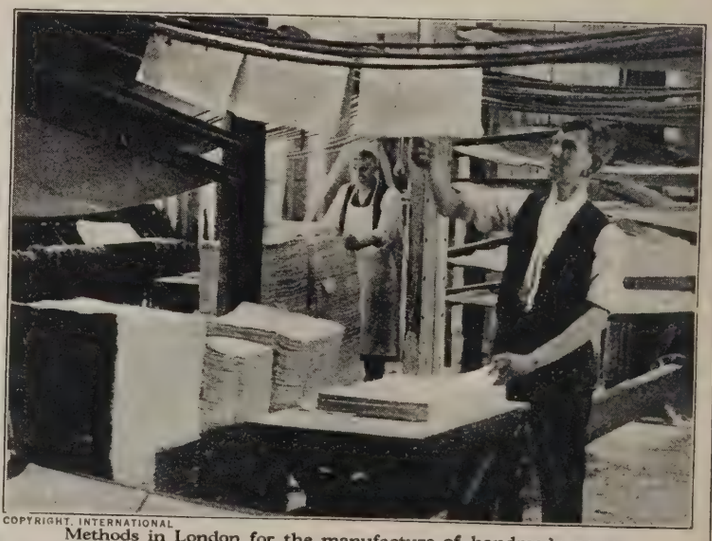
This may be the bank architecture of the future—landing stages and "top entrances" for airplane clientele, as conceived by Alfred C. Bossom, architect



COPYRIGHT, INTERNATIONAL

The wrecking of the old Bank of England prior to reconstruction. Secret passages and entrances and hidden vaults are said to have been revealed





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Methods in London for the manufacture of handmade paper for bank notes have remained unchanged for hundreds of years. A woman worker (left) cutting up the white rags; three months later, the paper hung up in the drying room

# Who Pays All of These Coupons?

## The Coupon Teller Presents Herewith a Few Grievances and Suggests Six Rules That Will Lighten the Burden

*By* N. W. KINDGREN
Merchants National Bank, St. Paul, Minn.

WE REMEMBER reading some years ago that a friend of Thomas A. Edison asked him what was going to be the nature of his next invention, to which the electrical genius replied facetiously that he contemplated the invention of a machine to clip coupons.

To date we have not seen anything that answers the purpose any better than an ordinary pair of scissors—from which we might gather that Edison's fortune has not yet mounted to the stage where the monotony of coupon clipping has become unbearable. Be that as it may be, we have it from the best authority on the subject that interest coupons clipped from various kinds of bonds are today so numerous that an invention for their cutting may after all have been perfected even though Edison can not be credited with it. This authority is the coupon teller in our bank. His pet aversion is the day, or days rather, on which he takes stock of the coupons deposited for the last week or ten days prior to their maturity. We do know that New York banks, where most of the coupons are payable, prefer to receive them as nearly as possible on the due date, and as the investor is looking for the earliest possible credit for the amount he holds, it follows as a matter of course that a rapid accumulation of them is inevitable.

"Six hundred thousand dollars' worth of coupons. Who wants them?" our teller remarked on a December day, as he dejectedly viewed a small mountain of accumulated evidences of interest obligations. They were to be assembled and forwarded by his bank for deposit in New York, Chicago, Minneapolis and some twenty different points, as near as possible on January first, one of the coupon dates. The amount mentioned would not be hard for any bank clerk to take, but after the coupon teller had explained what he had to do before these same coupons had been put in proper shape to render them "presentable," we trusted whole-heartedly that he would always enjoy the best of health.

There were envelopes containing several kinds of coupons with total amount stated in figures that were perhaps correct; coupons in sheets, requiring clipping; single coupons pinned to memorandum slips; coupons pinned to ownership certificates partly filled out; Liberty coupons held together by rubber bands, strings and paper clips, and not uncommonly small nails. There were coupons due in November, December, January and all the other months, and some due fifteen days, thirty days and (you may take my word for it) a few due one year after the date of deposit by the customer who had been guilty of cutting the wrong coupon.

His work then consisted of locating all coupons in proper envelopes with depositors' names written thereon, segregating the different issues, watching for those not due, and noting the place of payment. All those not due he had to charge to customers' account and return, or according to his judgment, deliver to the collection department to be entered for attention at maturity.

Going over the list again he must note which coupons require ownership certificates, either requesting such certificate from the depositor or doing the necessary himself. Often it is found more expeditious to sign these certificates as agent, rather than resort to communication with the owners, many of whom are entirely unfamiliar with the matter and time is of vital importance. While some depositors are ignorant as to the requirements for expeditious handling of their coupons, many are indifferent and as long as the bank will accept them in whatever condition tendered, they are content to assume that the bank knows best what it is doing. And I would not say that it does not. However, as regards coupons there is something which banks in general ought to do that they have not yet done, and that is to adopt a set of rules to be followed by all depositors who have occasion to avail themselves of the bank's services for collection of coupons.

TO THE coupon teller, the rules here given would seem to meet the situation. There are only six of them:

1. Deposit nothing but coupons actually due.
2. Place coupons in envelope provided by banks for that purpose.
3. Write your name plainly on envelope.
4. Enclose only one kind of coupon in each envelope, and unless the envelope is the "window" kind, describe issue fully on face.
5. Always fill out ownership certificate where required.
6. Fill out separate ownership certificate for each maturity date.

Nothing really hard about this, is there? But how many people really follow this proeedure? We could tell you. Those who have but a few coupons to deposit are open to suggestions, but it is a notorious fact that people of more than average means, as measured by the number of coupons left with the bank, are entirely unconcerned about the requirements for expeditious handling of this business. Their indifference embraces not only one or two of the conditions set out in our "rules" but, without exception, every one of the six. Instead of following rule one, which seems the most reasonable of all, it is not uncommon for well-to-do people to clip their coupons for an entire year in advance and leave them with the bank for deposit, collection or some other disposition as they mature. When rule number one is violated, the remaining rules become of no avail. They are, one might say, automatically rescinded.

The problem that lies before us is to educate the investing public as to requirements for speedy handling of coupons that a full measure of cooperation may be enjoyed between depositor and bank clerk. Can this be done? It can!

BUT not so long as 99 out of 100 bank men remain indifferent to the subject. In this case the 99 represents the entire personnel of every bank with the exception of the coupon teller, who must be rated as the 1. Why should a bank accept coupons unaccompanied by ownership certificates any more readily than they would a check that has not been indorsed? And, whereas most interest coupons are as good as "legal tender" and accepted as cash without much question, is this not the more reason that a bank should exercise a little caution lest if the coupon should happen to be dishonored, no record of the depositor should be found? Did we not learn a lesson when the "Libertys" first put in their appearance? How many coupons have you in your bank due in 1927, 1937, 1944 and so on? And how many of these forced loans could not have been prevented if the bank had established rules that all coupons must be deposited under cover of an envelope bearing the depositor's

name? True enough, banks generally now have such rules, but that they are not enforced can be attested by the coupon tellers of most large banks. For instance, how do the country banks send coupons to their city correspondents? We will answer that question with a little slang. They "pass the buck" to their city correspondent. In many cases, the fact has been quite apparent that the country banker feels the subject to be beyond his comprehension, for he will write a one hundred word letter to the city bank asking their kindness in handling to the best advantage the coupons which he sends, when an envelope or two properly used, preceded by a short study of income tax laws and perusal of his bonds to fix in his mind the status of the issues assuming the normal tax, would have spared the recipient many more gray hairs and curtailed his vocabulary of profanity. And again, we know other country bankers who are well versed in the same particular, but who decline for reasons known only to themselves to utilize the proper coupon paraphernalia.

THEY send in Libertys, municipals and individual coupons all in the same secondhand envelope and go so far as to take the trouble of listing the hundreds of items on an adding machine tape which eventually is wound around the bundle just like a linen rag on a sore finger. Of what use is an adding machine list in this case? None, whatever. This would be far better: 15 coupons at $2.12; 38 at $1.06 and so on, carrying the total amount out in each case and finally the grand total.

As we write there comes to our mind many things we would like to say about coupons, but we will confine ourselves to just one more phase of the problem as it affects the bank clerk. This has to do entirely with the municipal issues. In Minnesota, where seemingly every town, village, county and school district has a bond issue or two, the larger city banks have been designated as paying agents for the purpose of effecting prompt payment of the coupons for the account of the investing public. At first thought, this seems an excellent arrangement, since many of the investors are residents of these cities and since country banks favor sending all coupons to the larger banks in all instances.

But, when the banks so designated have not been consulted, and when it develops that they are put to considerable expense in fulfilling this obligation imposed upon them by the bond brokers and this expense is declined by the municipality, and in view of other difficulties encountered from time to time, we dare say that these coupons have proven themselves, for the bank clerk at least, a genuine pest. Many of these coupons are payable at banks that have long since given up their corporate charter, not a few of them at banks that have been closed, and still others are payable at banks where they never should have been, as arrangements had been changed, only too late to prevent the printing of the misinformation. For example, there is the issue that may be on the press, to be sold in its entirety to one individual. When he learns where he is expected to call for his interest, he refuses to buy and is persuaded to change his mind only when assured that the interest would be deposited at another bank. No doubt there are a number of such cases. And our bank at the present time is paying interest on a municipal issue, a certain school district obligation, of which the coupons bear not the remotest hint as to where the money is obtainable. Needless to remark, this account comes closer than any other to showing a profit for the bank, which it surely would do if the installments were much larger, for the coupons are a long time in showing up for payment. This proves that no information is furnished the bank where they are originally deposited, as to where the money is obtainable, but the same hit-and-miss policy is apparent here, as it is in nearly everything that concerns coupons.

Minneapolis banks have for several years been sending to us for collection coupons that read payable at a local bank for no better reason than to be misleading, and while we have been forced to return them, nothing seems to have been done to put the matter on a straight track. Too, we receive from our country bank correspondents, coupons apparently payable in St. Paul, but on which we frequently effect payment through agencies less than fifteen miles from the bank that sent them to us. There is an issue put out by the State of Washington that reads payable at a certain point on the Pacific Coast, but which experience has taught us can more readily be collected in New York City. Some of these coupons have done considerable traveling and have used up much postage unnecessarily. Not long ago we received from a country bank some municipal coupons payable at a local bank, but upon presentation, payment was declined, with the information as to where to send them, and you can imagine our surprise when it turned out that their actual paying bank was the same one from which we received the coupons originally. All these incidents are beginning to seem commonplace to the coupon teller, but once in a while something happens that is not so soon forgotten, and many a good laugh at the expense of some small village official serves to relieve the nervous tension and painful monotony.

A North Dakota town official sent us his warrant for the purpose of taking up the coupons maturing on October 1. Not knowing the amount of the bond issue, we could not of course estimate the amount of interest and we found we had paid two coupons in excess of our funds. Our request for a remittance for the additional amount needed to retire all the coupons then due, was complied with—apparently. But, a few days later, after the account was balanced, two more coupons were presented. This time we declined payment until the funds were in our hands. "That's not so funny," you say, "that's pathetic." But here is where the laugh comes in. When the bank decided against handling this business as accommodation and asked for a small commission to cover the cost of returning the paid coupons, this town official replied: "Why should I pay you anything for keeping my money? You people never paid me any interest on it." What's the use!

But getting back to my friend, the coupon teller. The other day he was working on another mountain of coupons, cutting, writing, fuming and sputtering the while. "George," I said, "what would you do if you owned all the money those coupons represent?"

"Put it all into municipal bonds," was his ready, though disdainful retort.

"To get out of paying income tax on it, I suppose?"

"Not me. But to get away from making out ownership certificates."

# "To Pay for Labor and Material"

A CONTRACTOR agreed to erect a school building in Kansas, and gave a surety company bond to the state providing that he would pay all indebtedness for labor and material used in the construction. Then the contractor borrowed money from a Kansas bank, and gave his note with a statement thereon that it was given for money advanced "to pay for labor and material," and the contractor used the money for that purpose.

Then, when the contractor failed to pay the note, the bank sued on the bond, and the Supreme Court of Kansas in a case reported in 200 Pacific Reporter, 281, ruled that the bank was not entitled to the benefit of the bond.

"The provision requiring the bond was to protect persons furnishing labor and material, not to protect money lenders advancing money to the contractor in financing the work of construction," said the court.

—*M. L. Hayward.*

# The Zone Idea in Merchandising

## Subdivisional Organization by Groups of Branches to Build Business and Vitalize Employee Spirit in a Cleveland Bank

*By* W. J. IRVING



Branch employees make a tour of the main office

WHEN the boss no longer can stand in the middle of the floor and grasp all his customers by hand, meanwhile keeping a watchful eye on all his clerks, it's time "to take steps." One of the penalties to which large and growing concerns are subject, is the lessening of personal contact between employer and employee; between customer and owner.

Now banks unfortunately are subject to the same ills that business is heir to, and when they suspect the aforementioned condition they start the house organ. Sometimes it's a publication of intimate gossip or chat for employees only—to hold in a measure that personal atmosphere that existed when the president, cashier and clerks all had offices on the same floor. Sometimes the house organ is a sales instrument aimed at the customers who now are agreeably but arithmetically too numerous for the president to call by name in the lobby. Sometimes the magazine is a combination of internal and external appeal.

Then as the official family continues to grow there comes into being the employees' club, with its dances and entertainments; its groups and classes for recreation, sociability and instruction.

In the meantime demands of the customer for convenience in his banking bring the branch bank and (as the critics would have us believe) remove him one step further away from his former personal contact with the heads of his bank.

How to preserve and revive this personal element both in personnel and customer relations is a problem which every growing bank must face at some time—when it is no longer possible for the officers to say truthfully and cosily, "We're just like one big family here."

The Cleveland Trust Company some time ago reached that stage of its growth. This article proposes to tell how it met the situation. The ideas advanced here may be of some value for adoption or adaptation by other banks operating branches to any considerable extent.

The bank operates fifty-three complete banks (not just receiving stations) in and near Cleveland. It has about 1,500 employees. It has 424,000 deposit accounts, or more than any other bank in any one American city.

Although it circulates an excellent combination internal and external house organ, although its employees have an unusually fine club with many diversified group activities, its managers meet on social and educational grounds in their own club. Its employees attend American Institute of Banking, Alexander Hamilton and Cleveland Trust classes for instruction. Its workers fraternize on athletic teams and inter-office affairs. Although its branches supply a brand of intimate neighborhood service which probably no large single-office institution downtown could





A sales demonstration staged by the New Business Department for the employees
In the circle: The bank physician treats a patient in the dispensary

furnish, the bank was not yet satisfied.

A zone system had been in the minds of several of the bank's officials for some time, but it remained for the manager of the New Business Department, E. V. Newton, to demonstrate its practical usefulness.

In organizing its Booster Campaigns, the annual new business effort of the employees, it had been the custom to



A class in credits conducted by Vice-pres. Hobson

divide the bank's staff into a certain number of teams, each competing with every other. In the last campaign two years ago, fifty-three offices for the first time were divided into three groups or zones, and then each zone was divided into a certain number of teams.

Each zone effected an organization and preceding the opening of the campaign held a rally which was attended by all of the employees in the district. This zone plan worked very successfully and resulted in unusual competition in the campaign.

THE managers in each zone, in meeting together to arrange their rally meetings and at other times during the course of the campaign, learned the value of getting together at more frequent intervals. And from this there developed an organization of managers and assistants known as the Branch Managers' Club.

They now meet once a month to hear a speaker of note give an inspirational talk—especially such addresses as stress the position of the banker as a communal factor of importance. To many of the meetings the chief clerks in these neighborhood banks are invited to benefit from some of this community atmosphere. The officers of the bank also attend frequently. Such speakers as Newton D. Baker, former Secretary of War; Richard F. Grant, president of the United States Chamber of Commerce; Dr. Charles Eaton, former editor of Leslie's; Edward Jordan, and others have been heard.

And it is only natural that a spirit of camaraderie should result. Consequently managers and officers know each other better. The managers particularly are encouraged to discuss among themselves such common problems as salesmanship, credit matters



The cast in the employees' play, "Lady Windemere's Fan"

and office management—the three fundamentals of bank management.

It should be understood that the bank's branch managers are capable men. Knowing best the credit situations of their neighborhoods and their customers, their judgments and recommendations are respected by their executives. They head virtually independent banks each small enough for intimately personal service, backed by resources of one of the largest trust companies of the United States, and manned by officials armed with authority and responsibility enough to say "yes" or "no" on the paramount question—loans.

It was but natural therefore that these managers should be organized according to zones, strictly for business, the managers in each zone meeting once a week with a main office loan officer to consider unusual credit and other situations in their own particular branches.

We turn now to the employees' side. Here again Mr. Newton applied his zone system and again with success. This time it was applied to the Cleveland Trust Club, the employees' organization, and it not only gives the branches representation on the executive staff of the organization, but sets up separate group organizations in each zone. These now become self-governing and act as an auxiliary to the club as a whole.

THE club constitution has been amended to include a board of fourteen directors with full governing powers, half of them elected for two years and half for one year, so that experienced club workers will be in office at all times. These directors are elected by employees as follows: Six from main office, two from the west side, two from the southeast, and two from the northeast. The presidents, incoming and retiring, complete the directorate. It is planned now to hold district affairs, parties, dances, picnics, etc., at places easily accessible to all in the district.

An interesting sidelight of this stimulated interest in inter-office affairs is the series of tours of the main office, arranged by Mr. Newton for branch employees. The branch employees are thus enabled to observe and study the work done in



Cleveland's chief of police shows some gun tricks to the contestants in the bank's revlover tourney

all of the main office departments. Seven groups made the tour on seven different days.

The ideas behind these tours are explained by Mr. Newton in an article in the *Cleveland Trust Monthly*.

"Our service is measured to a large degree by the ability and knowledge which we possess of our individual jobs;

(Continued on page 32)

# A Banker, Bond and Man

*By* ARTHUR F. McCARTY




ROGER QUINN heaved his middle-aged bulk up from his swivel chair, stretched himself luxuriously, and went to the window looking out from the side-rear of his little country bank upon the thoroughfare of Mapleton. When Quinn had a problem to solve, his best thoughts came while standing at this window, his twinkly blue eyes resting, kindly but unseeing, upon the sparse traffic without.

Directly across from the window stood a little grocery store. Over its wooden front, above the windows and door, stretched a faded sign, and Roger Quinn had looked at that sign so many times over so many years that he knew every crook of every letter.

H. MEAD, GROCERIES.

The day was fine, and the lolling figure in the doorway of the store was not enough in itself to take the eyes of the banker from their habitual resting place, but as his gaze fell upon the warped "D" of the sign, there was a slight commotion below, and Quinn let his eyes fall to the scene being enacted at the store entrance.

Herb Mead was a victim of calumny. It was freely said of him that once he got settled in the deep-bellied hickory chair in his store, he never left it from morning until noon and from one until six, waiting on his customers by ingeniously contrived wires and grab-hooks with which he reached up to the shelves and took down merchandise. Also, that while he ate food from time to time, it was merely to be sociable, and that what he really lived on was tobacco. He it was who now stood, leaning wearily against the door post—or he had so leaned until a moment ago.

Maizie, Herb's wife, had come to the open door. After a few words which Quinn could not hear, Maizie had seized Herb's arm and was shaking him with astonishing vigor, the while her lips moved with a rapidity that left the merchant breathless and speechless.

"Old Herb's getting it this morning," mused Quinn, his problem forgotten in the interest aroused by Herb's predicament.

Suddenly Maizie released her husband and started across the street, and a moment later, entered the bank. Pushing her way to the office of Roger Quinn, she seated herself across the desk from the banker and sought to regain her breath.

"What is it, Mrs. Mead? You and Herb been having a ruckus this morning?" Quinn was smiling broadly.

"I'm all out of patience with Herb, Mr. Quinn," she said. "I've always wanted to get ahead, and fix up the house with some nice things, 'cause, as I always say, it's good for the children to grow up in an atmosphere of refinement; but Herb don't seem to care, 'nd he's let the store run down, 'nd won't let me go in there 'nd clean it up and rustle for new trade like I want to. He's just got into a bad rut, Mr. Quinn—"

"Let's see, Mrs. Mead, you carry about a five thousand dollar stock over there, don't you?"

"That's just about right, Mr. Quinn, 'nd we ought to be doin' twice the business we are. What started me this morning, an agent come over from Endricksville day before yesterday and I bought a new parlor set t' cost three hundred and fifty dollars. The terms is fifty dollars cash down and the balance twenty a month, but Herb said I was crazy to buy it; said the bills in the store got to be paid first, 'nd if they ain't, the wholesale house'll shut off credit; then, where'd we be, he said. But I said, 'I'll go in the store 'nd help 'nd 'twon't be no time 'till we'll get that furniture all paid for.' But Herb come right back at me and said the drummer was just here and demanded a statement, how much we got and how much we owe, all down in black on white, and sworn to before a notary public. I told Herb I'd see about the statement, so I just come over here to ask you about it, what we ought to say in a statement, 'cause you'd know 'bout such things."

"I see," said Mr. Quinn. "Now when is the furniture to be delivered and the first fifty dollars due?"

"It's liable to come rollin' in any time now," she replied. "We've got the fifty dollars, all right, 'nd I ain't worrying about the payments; it's Herb; he's got into a rut, as I say, and I don't know what to do." Maizie was very near to tears as she concluded.

"How much money does the store owe to the jobbers?" Mr. Quinn let his kind old eyes rest whimsically upon his guest as he put the query.

"Between two and three hundred dollars."

"And you own both the store building and your home, free of mortgage, don't you?"

"Yes."

"Well, now, that isn't bad—not bad at all," observed the banker. "The store is practically clear, too, and it's a good business stand. Course, it ought to do a lot better. I think you're right, Mrs. Mead, in what you've done. Some pressing liabilities are good for a man sometimes—he just has to pay 'em so he gets up and hustles. Believe it'll be a good thing for Herb. Ordinarily, I wouldn't advise people to buy things they can't see their way clear to paying for, but in this case, I'll venture it'll come out for the best. Now about that statement—er—let's see—"

RAPIDLY Mr. Quinn analyzed the situation. The bills owing to the wholesale houses were not heavy, but if they got the idea that the Meads were throwing their money away for unnecessary gimcracks, they might embarrass the store by asking cash in advance. The business was sound, but what the Meads needed just then was a way of making a showing to the wholesalers.

A smile started at the corners of Quinn's mouth, spread toward his eyes, then enveloped his countenance. He had an idea, and it seemed to amuse him, but as it developed into a plan, he grew serious.

"Not ethical, by a darn sight," he said to himself. "But I'll stake my last dollar it'll work out. Wonder if I'd better take the chance?"

He reached into a drawer and pulled out a folded paper, its border handsomely decorated with scroll engraving and rococo flourishes. He held this paper in his hand for a long time, looking at it, while Maizie fidgeted in her chair.

"Mrs. Mead, can you keep a secret?" he asked, suddenly.



Maizie keeps a secret

"Why—why, I think so, Mr. Quinn," hesitated Maizie.

"Well, if you don't keep this one, we'll both get into trouble. I'm going to do something rash. Now, Mrs. Mead, you must never say a word about this, not even to Herb. It would be very serious if you did. Understand?"

"No, I don't understand, Mr. Quinn; what is it about?"

"Here is a bond for five hundred dollars—a railroad bond, the Chicago, Stone Island and Atlantic. Now, I'm going to lend you this bond, but while you have it, it's yours, understand? All paid for out of money you've been saving little by little, unbeknownst to your husband, ever since you were married. Finally, you got five hundred dollars together and invested it in this bond. Of course, between you and me it's my bond, unless you pay me for it, but to the rest of the world it's yours. Now do you think you can tell that story and make Herb believe it?"

"Oh, yes, I can make him believe anything I want him to, but what good'll it do me? It won't really be mine," she protested.

"It'll do two things, Mrs. Mead. You have to make a showing to the wholesale houses that you are saving some money, and it'll help do that. There's where I'd get into trouble if you give it away, for it's deceiving the jobbers, in a way, though I guess so long's nobody's hurt it's not so wrong. Then Herb needs a stimulant—needs it bad—and I figure that the ownership of this bond'll inject some self-respect into him. Self-respect, you know, is only another name for ambition and spunk."

"Oh, if it'll do that—but I'd have to tell Herb a fib, wouldn't I?" asked Maizie, excitedly. "I don't like to do that, Mr. Quinn."

"Temporarily, only temporarily," soothed the banker. "We'll tell him all about it later and anyway, it's for his own good. Now I'm counting on you to make this a go, Mrs. Mead—how about it?"

"If you're sure it's all right, I'll make it go! You just watch me!"

"Sure, it's all right. Now take your bond and break the news to Herb that you have it. Put it in the statement of your assets, by name, number and amount—show it to the drummer if he wants to see it."

MAIZIE left, feeling doubtful, but sensing that the bond was some sort of talisman to lift her husband out of his slough of despond. As for Herb, he had been so bewildered by her purchase of the furniture that he swallowed her story about the five hundred dollar saving at a gulp, while marvelling at the strange doings of this woman with whom he had lived in wedlock for years but scarcely knew. The statement went over with a bang, amid the compliments of Evans, the drummer.

Some weeks passed, during which Maizie made things hum in the store. The old ways were discarded, to the surprise of customers, and there were days now when Herb used tobacco but a part of the time, and the hickory chair took on a deserted look.

That Tuesday was ironing day, and Maizie returned to the house after getting things started at the store while the day was yet young. Gathering an armful of waste paper, she threw it into the kitchen range to start the fire, and as she turned to pick up the kindling, the appearance of a sheet of the paper caught her eye. It was stiff, and its edges were handsomely decorated with scroll engraving and rococo flourishes!

In the flicker of an eyelash Maizie realized what it was. The precious bond was in the stove, burning. She made a swift motion at the damper and with the other snatched at the bond, but turned the draft the wrong way and the document was sucked out of sight up the roaring furnace of the chimney!

Shocked out of all discretion, Maizie ran, screaming, to the store, where her distorted countenance burst upon her startled husband. Incoherently, she blurted out the whole story, while Herb sat in the hickory chair, his head bowed on his breast, as if the ground had been swept away and he could see but the yawning gulf where he had lately stood. But as she finished and he perceived what had been the genesis of her act, Herb Mead straightened his shoulders and a curiously determined, yet gentle, look came into his eyes.

"Well, go on home now, Maizie—we'll find some way out of this. Don't you worry."

That night they faced their problem. Herb could see no way but to go to Mr. Quinn, make a clean breast of the whole matter, and ask him for time in which to pay for the bond. The monthly payment on the furniture was due the next day, and the money was ready, but none over.

"No," said Maizie, firmly. "I don't want Mr. Quinn to know we've lost the bond. He felt so sure we'd make good if we had something to give us confidence. He said it would be mine if it was paid for, and we'll just pay for it, Herb—we've got to, that's all!"

"We'll pay for it all right," said Herb. "And you're right, Maizie, there's no use telling him it got burned up. None o' his business in fact, what happened to it. But don't you worry about it, Maizie, I'll see him about the payments on it; this is a man's business."

Thus did Herb Mead take over the reins of management when the real crisis came, and as Maizie looked at her man there was a little thrill in her heart and a small song, for all the gravity of the situation.

People differ, naturally. With one it is the unexpected opportunity to achieve which takes him or her up to the heights of endeavor; with another, some stroke of adversity, trying the sinews of the character, furnishes the

(Continued on page 44)

# Out-of-the-Ordinary Advertising

## Interesting Current Publicity in Which Banks Are Doing the Unusual—With a Few New Business Ideas

*By* T. D. MACGREGOR

DOING the unusual is what counts in bank advertising as in every other field of publicity. That is what the Old National Bank, of Spokane, has done in its advertisement, "A Beacon of Safety," reproduced herewith. Regarding it, A. F. Brunkow, assistant secretary, says: "The searchlight ad appeared about the same time we installed a large marine type searchlight on the roof of our building."

At about the same time and at the other side of the continent an unusual advertisement, "A Broad Outlook," was run by the Chapman National Bank, of Portland, Maine. It was a tie-up between the idea of a broad outlook from the top of its new building and the broad outlook of the bank itself.

Since about 600 B. C., Aesop's fables have been pointing morals and adorning tales, but never more appropriately than in that big investment advertisement of the Harris Trust & Savings Bank, of Chicago.

People are going to read that "salt water" advertisement of the Union Trust Company, of Cleveland, and when they read it they will get the strong points that it makes for the service of the foreign department of the institution.

WHEN THE NEWS item was published concerning the discovery of a child's bank in the excavation at ancient Utica in Tunis, the Savings Bank of Utica, N. Y., reproduced it with this comment:

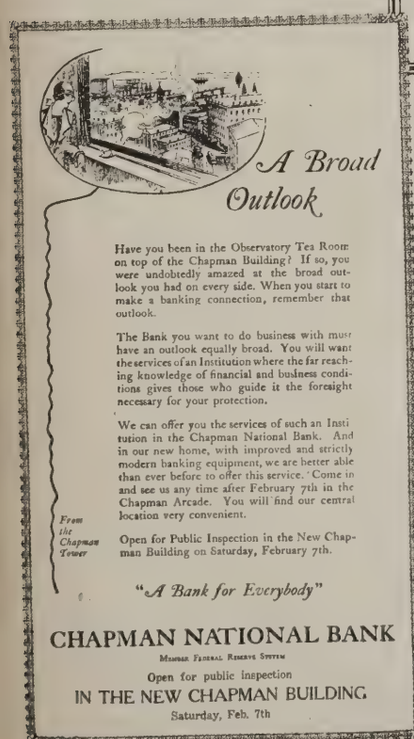
"This young saver of ancient times probably grew up to be one of the great merchants of ancient Utica.

"The modern savings bank of modern Utica can tell many stories of success started on savings accounts in this bank."

RECENTLY the Citizens Bank and Trust Company of Tampa, Fla., published in its newspaper advertisement a cut of W. B. Gray, who has been a director of the bank for twenty-nine years.

THE Federal American National Bank of Washington, D. C., issues a "Who's Who" folder containing halftone portraits of its officers. The sheet is pasted on the inside cover of three-to-a-page check books, the idea being to keep before depositors the officers of the institution, thus helping better mutual acquaintance in business relations.

IF YOURS is an institution with a number of branch offices, perhaps you can advantageously put on a contest to increase savings and checking deposits. Let the manager of each office



*A Broad Outlook*

Have you been in the Observatory Tea Room on top of the Chapman Building? If so, you were undoubtedly amazed at the broad outlook you had on every side. When you start to make a banking connection, remember that outlook.

The Bank you want to do business with must have an outlook equally broad. You will want the services of an Institution where the far reaching knowledge of financial and business conditions gives those who guide it the foresight necessary for your protection.

We can offer you the services of such an Institution in the Chapman National Bank. And in our new home, with improved and strictly modern banking equipment, we are better able than ever before to offer this service. Come in and see us any time after February 7th in the Chapman Arcade. You will find our central location very convenient.

*From the Chapman Tower*

Open for Public Inspection in the New Chapman Building on Saturday, February 7th.

*"A Bank for Everybody"*

**CHAPMAN NATIONAL BANK**

MEMBER FEDERAL RESERVE SYSTEM

Open for public inspection
IN THE NEW CHAPMAN BUILDING
Saturday, Feb. 7th

The Dog and the Shadow



It happened that a dog had got a bone and was carrying it home in his mouth to eat it in peace. Now on his way home he had to cross a plank lying across a running brook. As he crossed, he looked down and saw his own shadow reflected in the water beneath. Thinking it was another bone, he made up his mind to have that also. So he made a snap at the shadow in the water, but as he opened his mouth the bone fell out, dropped into the water and was never seen again.

*Don't Risk What You Have by Grasping at a Shadow*

—AESOP'S FABLES

*Don't Risk What You Have—*

but add to it by wise investment. For over forty years The Harris Organization has specialized in the sale of safe bonds.

BOND DEPARTMENT

*Harris Trust & Savings Bank*

Organized as N. W. Harris & Co. 1882. Incorporated 1907
HARRIS TRUST BUILDING, CHICAGO

Harris, Forbes & Co. New York — Harris, Forbes & Co., Ltd. Montreal — Harris, Forbes & Co. Inc. Boston



## He thought he had to smell salt water

NOT long ago the Export Manager of a large manufacturing concern not fifty miles away said—"If you wish to get real service you have got to smell salt water."

But—

*Today he does his entire export and import banking through our Foreign Department because—*

The smell of salt water could not replace an organization of over 6,000 banks scattered throughout the world who value the volume of business placed in their hands by the Foreign Department of this organization

The smell of salt water could not replace the practical uses of our large and capable staff in New York City connected with this bank by private telegraph

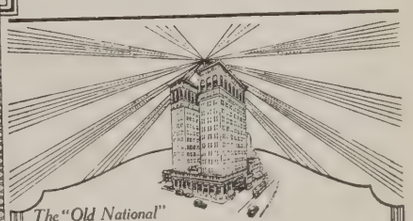
The smell of salt water could not replace the convenience of having your export banker across the desk where his counsel and personal interest are constantly available

FOREIGN DEPARTMENT

*The* UNION TRUST *Co.*

CLEVELAND

*Resources over 300 millions*



*The "Old National" Searchlight---*

## A Beacon of Safety

At a staff meeting of The Old National Bank and Union Trust Company held recently, Mr. J. C. Ferguson, Manager of the Savings Department of the Bank, expressed his impressions of the "Old National" searchlight. He said:

**"Not long ago, I was driving towards the city in a drizzling rain on a road which happened to be practically deserted. At frequent intervals, that big beam of light from the top of The Old National Bank Building would flash across the sky. In a small degree, it made me realize what such a light from a lighthouse means to a mariner in the night, far out at sea.**

**"To me, it stands as a symbol of safety, serving as a guide to the harbor of Security. Its constant flashing seems to proclaim to the world that all is well."**

The "Beacon of Safety" will continue to flash its message each night, and our Savings Department will continue to serve those who are being guided by its light, and who believe that the safety of their funds should receive first consideration.

**The Old National Bank**
*of Spokane*
*Resources $25,000,000*

**Shouting it from the housetops, the smell of salt water, and Aesop up-to-date**

make out a list of friendly customers of his office and write them a letter once a month telling them about the progress of the new business contest and seeking their co-operation. The customer will believe that he is being let in on a game and that his aid will be just what is needed to turn the tide in favor of "our branch," thus capitalizing on the personality of the manager and the friendly rivalry among the branches.

A TRUST company which has a large committee room places it at the disposal of customers for meetings or conferences. A letter is sent to the president of every corporation in the city and enclosed with it are three or four cards addressed to the secretary of the trust company and reading as follows:

Dear Sir:

We beg to notify you that we desire to use the corporation room in your building on .....at.....o'clock, for a meeting of the.....of this company.

Yours truly,

A bank in another city which has such a room advertises it in the newspapers and asks those who want it to telephone to make a reservation.

AN UNUSUALLY interesting and attractive booklet has been issued by Provident Trust Company of Philadelphia, entitled, "Ten Unusual Stories Taken from Life." It is gotten up with a jacket on the cover giving it the appearance of a popular novel. Each story is illustrated by a full-page picture bringing out the point of the story which it accompanies. The text deals entirely with life insurance trusts.

An ingeniously side-indexed booklet telling "Who Will Get Your Property if You Fail to Make a Will?" has been issued by the Buffalo Trust Company, of Buffalo, N. Y. The same company has put out a series of folders for household checking accounts. They are illustrated with cartoons specially drawn by John Held, Jr.

"A Complete Bank for Complete Service" is the title of a "catalog" booklet put out by the rapidly growing Manufacturers Trust Company of New York.

A really worth while series of nine illustrated folders on wills and trusts has been issued by the National Trust Company, Ltd., of Toronto, Ont. The titles are "Be Careful About Your Will," "Meeting Your Family's Needs," "Making a Trust is Easy—Now!" "Your Will Must Stand the Test," "A Trust Company Sees It Through," "Do as the Romans Did," "Your Privilege—Making a Will," "Appoint the Modern Executor," and "The Wisdom of the Egyptians."

# Sugar-Coated Advertising

*By* W. E. WALKER

EVERY morning shortly after the First National Bank-Central Wisconsin Trust Company of Madison, Wisconsin, opens for business, an intelligent gentleman walks up to the officer's rail on which are lying the metropolitan morning papers.

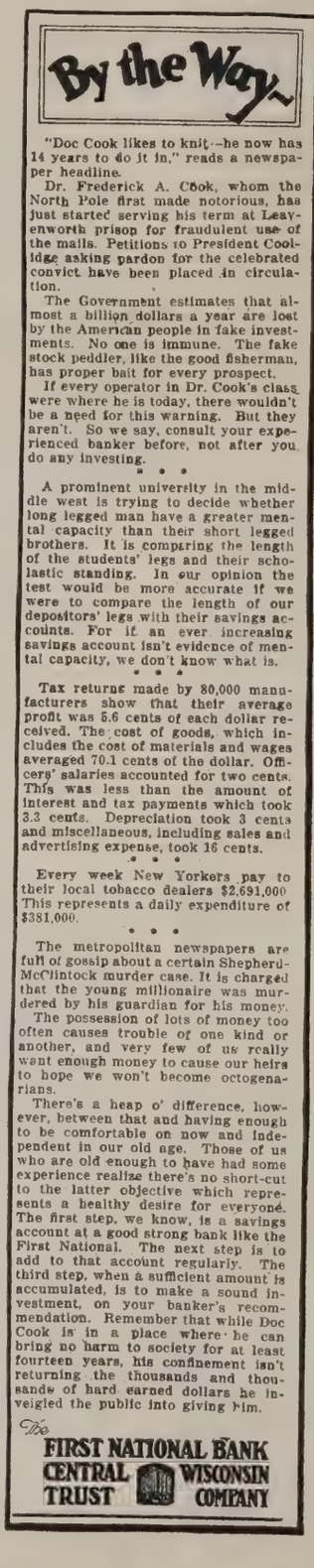
He always selects the same paper first, and after glancing hurriedly at the headlines, turns to the upper left-hand corner of the front page where appears the heading of Arthur Brisbane's editorial column, "Today." He reads and enjoys every word of this feature.

People buy newspapers to read features like Brisbane's as well as the news. They do not buy papers to read bank advertising. The more nearly we can make our advertising resemble news, accordingly, the more likely it is to be read.

With this thought in mind, we have made much use of timely advertising subjects. It has been our experience, however, that there is not enough live news in the average bank to provide suitable material for a continuous advertising campaign on timely subjects.

Accordingly, we hit upon a feature column, "By the Way," modeled after Brisbane's. It is informative. It is entertaining. It is easy to read. It is bank advertising, but it is sugar-coated advertising, for in commenting on live news events we get the bank's advertising message acrossthrough the comments, and hence more effectively than it can be put across in the ordinary preachy messages. At the same time we do not fail to include in each column enough purely informative and entertaining copy to make it interesting and attractive. It is a very human bank advertising message from a very human bank.

This feature is set in eight point on ten, regular newspaper editorial type, one column wide and about ten inches deep—the length varies. A rather heavy, hand-lettered heading of the words, "By the Way," appears in a box at the top, and a single column bank signature at the bottom. It is interesting to observe that while space for this feature is paid for at the regular display rates, for it conforms to all the regulations for display advertising, its physical appearance resembling editorial material has invariably won preferred position for it in the Madison papers. At Wisconsin Rapids, Wisconsin, where we first published the feature, it has been run as the only advertisement on the editorial page.



By the Way

"Doc Cook likes to knit—he now has 14 years to do it in," reads a newspaper headline.

Dr. Frederick A. Cook, whom the North Pole first made notorious, has just started serving his term at Leavenworth prison for fraudulent use of the mails. Petitions to President Coolidge asking pardon for the celebrated convict have been placed in circulation.

The Government estimates that almost a billion dollars a year are lost by the American people in fake investments. No one is immune. The fake stock peddler, like the good fisherman, has proper bait for every prospect.

If every operator in Dr. Cook's class were where he is today, there wouldn't be a need for this warning. But they aren't. So we say, consult your experienced banker before, not after you do any investing.

• • •

A prominent university in the middle west is trying to decide whether long legged man have a greater mental capacity than their short legged brothers. It is comparing the length of the students' legs and their scholastic standing. In our opinion the test would be more accurate if we were to compare the length of our depositors' legs with their savings accounts. For if an ever increasing savings account isn't evidence of mental capacity, we don't know what is.

• • •

Tax returns made by 80,000 manufacturers show that their average profit was 5.6 cents of each dollar received. The cost of goods, which includes the cost of materials and wages averaged 70.1 cents of the dollar. Officers' salaries accounted for two cents. This was less than the amount of interest and tax payments which took 3.3 cents. Depreciation took 3 cents and miscellaneous, including sales and advertising expense, took 16 cents.

• • •

Every week New Yorkers pay to their local tobacco dealers $2,691,000. This represents a daily expenditure of $381,000.

• • •

The metropolitan newspapers are full of gossip about a certain Shepherd-McClintock murder case. It is charged that the young millionaire was murdered by his guardian for his money.

The possession of lots of money too often causes trouble of one kind or another, and very few of us really want enough money to cause our heirs to hope we won't become octogenarians.

There's a heap o' difference, however, between that and having enough to be comfortable on now and independent in our old age. Those of us who are old enough to have had some experience realize there's no short-cut to the latter objective which represents a healthy desire for everyone. The first step, we know, is a savings account at a good strong bank like the First National. The next step is to add to that account regularly. The third step, when a sufficient amount is accumulated, is to make a sound investment, on your banker's recommendation. Remember that while Doc Cook is in a place where he can bring no harm to society for at least fourteen years, his confinement isn't returning the thousands and thousands of hard earned dollars he inveigled the public into giving him.

The FIRST NATIONAL BANK CENTRAL TRUST WISCONSIN COMPANY

Another important advantage of "By the Way" is the fact that comment on strictly local events can be worked in easily with the other editorial material.

That people might not read such long copy was our only fear at the outset. But a national advertising authority allayed our doubts on this point when he said, "Poor copy should be short, but interesting, timely copy may be as long as you care to make it and it will be read." Now argument on the length of copy is unnecessary. Comment on "By the Way" thoroughly substantiates the truth of his assertion.

While "By the Way" appears twice each week in two daily papers at Madison, where our experience with it has been most vivid, it is run weekly in smaller towns with only weekly papers.

(Continued on page 35)




# It guards the check—

## *after it leaves the depositor, before it reaches the bank*

You trust the depositor to write the check authoritatively. He trusts you to pay it correctly. But on the way from him to you, neither responsible party has control over it. This is the *dangerous interval*—the time when check raisers do their work. The American Institute of Accountants estimates that yearly check-fraud losses total $100,000,000.

Large business firms avoid losses during the *dangerous interval* by using one of the standard commercial Protectographs. But the writer of personal checks has not felt justified in paying from $45 up for a check writer. Not until the invention of the Personal Protectograph to sell at $15 was it possible for all depositors with personal checking accounts to have sure protection at a reasonable price.

### *A remarkable success*

Though the Personal Protectograph has been on the market only a short time, its sales have run into the thousands. It has been welcomed by banks as well as depositors—because its legible figures have quickened and made more accurate the work of paying tellers, entering clerks and transit department. Also it removes the possibility of embarrassing disputes with depositors over raised amounts. It is being advertised every month in *The Saturday Evening Post* and *The Literary Digest*, and is now accepted as a standard banking tool.

### *An opportunity for banks*

Many bankers have already told us of their appreciation of this little machine and have welcomed it as insurance of better relations between them and their depositors. Many banks also have asked how they could cooperate in popularizing the Personal Protectograph, believing that the benefits to them would make it well worth their while.

Meeting these requests has resulted in the development of a complete plan whereby banks may aid in the distribution of the Personal Protectograph, at the same time serving themselves and their depositors. Hundreds of banks have already found this plan practical and advantageous. The details are yours for the asking. The Todd Company, Protectograph Division. (Est. 1899.) Rochester, N. Y. *Sole makers of the Protectograph, Super-Safety Checks and Todd Greenbac Checks.*

THE TODD COMPANY
*Protectograph Division*
1186 University Ave., Rochester, N. Y.

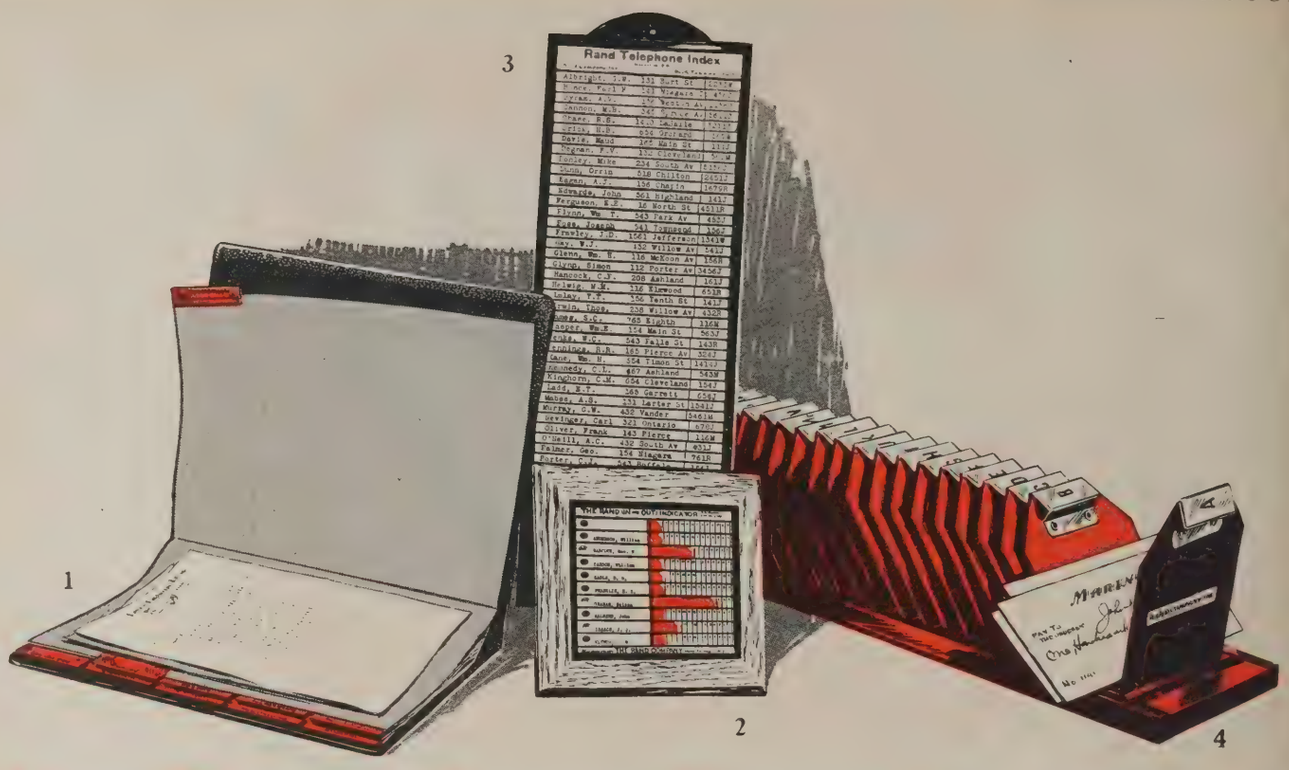
Gentlemen: We would like to know more about the advantages to us of the plan by which already several hundred banks are introducing the Personal Protectograph to their depositors. Please send full particulars.

Bank.....

Address.....

Name of official.....

# TODD SYSTEM OF CHECK PROTECTION




# Use These Rand Time Savers To Simplify Your Bank Routine

## Kardex-Rand Products for Banks

**Rand Visible Name Check File Guides**
For 20 years the accepted standard in check filing.

**Kardex Safe Deposit File**
Visible, instantly accessible record of box-holders.

**Rand Stop Payment File**
Colored signalled visible record which automatically prevents over-payment

**Kardex Central File (New Business)**
Visible Master File Record giving status of use of bank's facilities by each depositor.

**Kardex Savings Ledger**
Its visible principle makes instant posting possible.

**Kardex Automobile Finance**
Specialized visible record equipment covering this important banking function.

**Rand Note Cases**
Devised for instant filing and ready reference. A time saver.

**Rand Ticket File and Binder**
Used by 20,000 banks. A proved system for filing and protecting deposit slips

RAND COMPANY, DIVISION
KARDEX-RAND COMPANY
609 Rand Building, North Tonawanda, N.Y.

☐ Please send me prices of Rand Time Savers.
☐ Please send complete information on Kardex-Rand products for banks.

Name _____

Bank _____

City _____ State _____

1. The Rand Desk Systematizer organizes the routine of desk work for you and your officers. Ten compartments with interchangeable labels classify easily the papers you are holding for action. It simplifies the fussy details that eat into your time.

2. Rand-In-And-Out Indicator for the information and telephone desk keeps track of your bank's executives. Made in standard and special sizes.

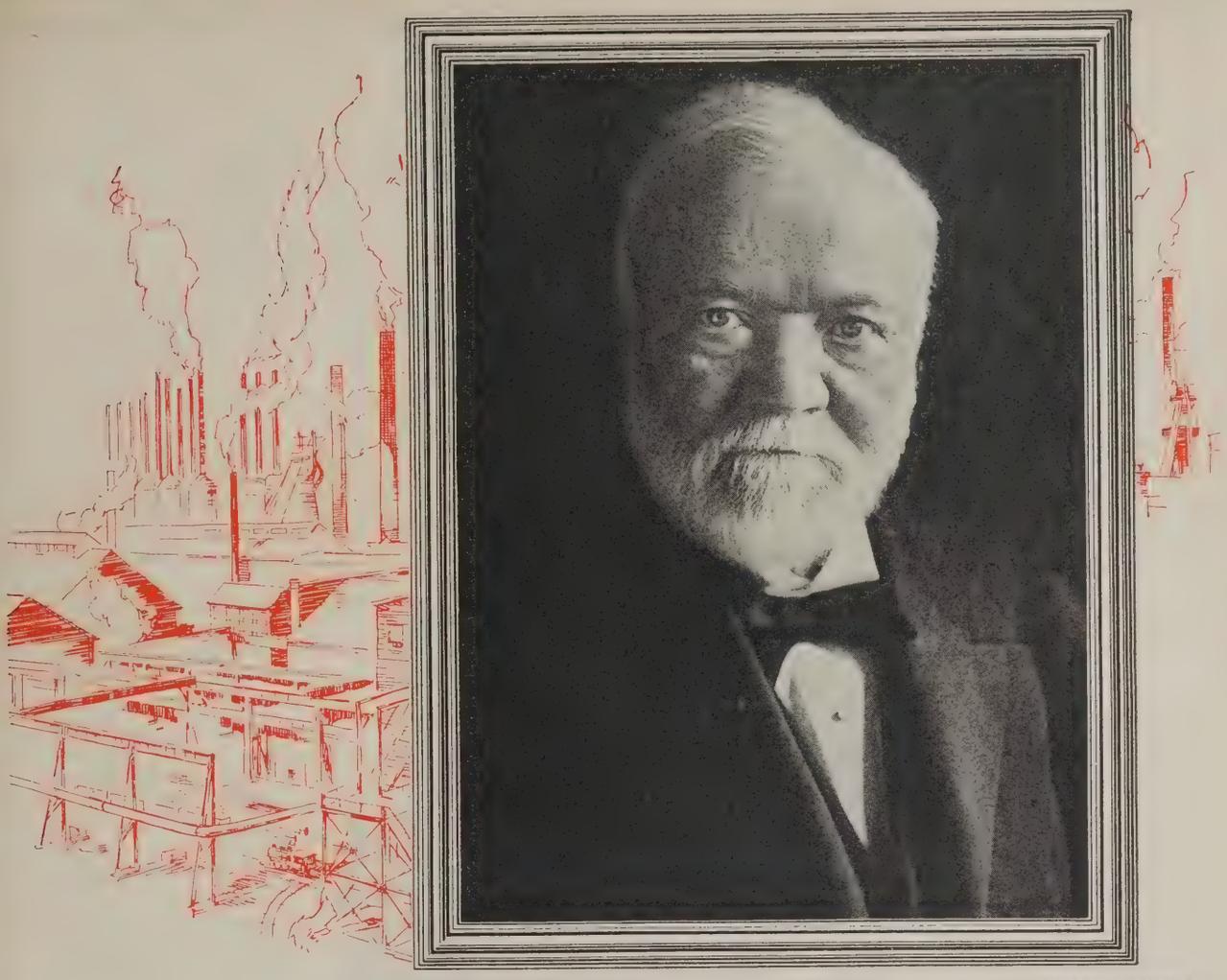
3. Rand Telephone Panel. Arranged alphabetically the often called numbers. Names, always neat and clean in transparent tubes. Also used for names of bank executives transit list, etc.

4. Rand Sorter, indispensable to any bank. Thousands are in daily use for sorting checks, correspondence and other material. Save time, space and worry. Labels completely protected. Partitions adjustable.

*Check coupon below for complete information and prices on Rand Time Savers*

RAND COMPANY, DIVISION
KARDEX-RAND COMPANY
609 Rand Building North Tonawanda, N. Y.
CANADIAN PLANT, NIAGARA FALLS, ONT.
Member Rice Leaders of the World Association

RAND
TIME SAVERS



Harris & Ewing Photo

ANDREW CARNEGIE
1835 - 1919
Iron Master
Philanthropist
Founder of the
American Steel
Industry

# Why Did This Man Succeed?

"His complete knowledge of the facts removed the venture from the field of speculation and made it a sound investment."

This significant sentence is found in a biographical sketch of Andrew Carnegie. Throughout his long career he made it his rule to act always from full possession of the facts.

Behind his sound judgment was thorough investigation. He made himself master not only of the information but also of the best method of putting it to use.

*Providing Facts and Methods*

Kardex Institute is established to give all business men the advantage of professional research into the facts and the methods of business management. Register for its service. It minimizes the risk of business.

There are two services provided; the four Institute Bulletins issued each month give the facts on the business trend and describe proved management methods; the Institute staff of business experts is available to you as a member for consultation on your individual problems.

**By endowment, Kardex Institute is able to offer these services for the nominal fee of $10.00 yearly. The coupon is placed for your convenience.**

KARDEX INSTITUTE, 609 Kardex Bldg.
10 E. 44th St., New York City

☐ Send, without obligation on my part, your book, "A New Conception of Business".

☐ Enter my subscription for Kardex Business Service and Reports for one year, for which I agree to pay $10 on receipt of invoice.

Name _____

Position _____

Kind of Business _____

Street _____

City _____

State _____

17385

KARDEX INSTITUTE
*Devoted Exclusively to Business Education and Research*
609 Kardex Bldg., 10 E. 44th St., New York City
LONDON · PARIS · BERLIN · TORONTO

# KARDEX INSTITUTE

# How to Revise the Reserve Act?

(Continued from page 7)

or whether we shall insist upon the use of one we never intended to adopt and only temporarily accepted as a result of war and the desire to provide means of inflation when needed.

*The Crux of the Issue*

To put the whole matter in brief form, the effect of making the shift already referred to so that only a part of bank reserves should be held by the reserve banks would be merely that of giving to the members a larger latitude in the use of their own funds. The reserve percentage remaining the same, the action proposed would not, as is so often intimated, reduce reserves. Neither is there the slightest reason to suppose that it would necessarily increase what is called "inflation." In fact it might greatly reduce inflation. The effect of it would be simply to withdraw certain amounts of reserve money from the uses to which they are put at the present time in New York and other central money markets where they are employed by reserve banks in buying acceptances, treasury certificates and other forms of investment, or are used as a dead asset in the vaults of reserve banks, or at best serve as a basis upon which to build up a structure of discounts consisting of certain very narrowly limited kinds of eligible paper; and to transfer these funds to the outlying banks where they should be used as a vault reserve to sustain a structure of loans based upon many other classes of investment. Altogether, therefore, the effect of the shift may be summed up by saying that it would broaden the field of operations in which banks could engage, would give them a much larger latitude correspondingly, and would thus grant to the country the use of funds that are now idle. The question whether it would reduce "reserves" depends entirely upon the maintenance of the reserve percentage at its present level, and the question whether it would produce inflation or not depends entirely upon the way in which the funds so transferred were used by the individual banks. In general it may be said that they would not be likely to be more inflationary than the reserve banks themselves have been.

Secretary Mellon has thrown an exceedingly interesting side light upon this whole question in his statement made through *The Nation's Business* with reference to the question of rechartering Federal Reserve banks. Mr. Mellon points out that a movement for rechartering must be begun at an early date because of the approaching time when the charters of the reserve banks expire; and he further notes that there may be expected to be a good deal of opposition to a recharter, although he does not say from what quarters. At about the same time other members of the Administration are urging the extension of further "privileges" to national banks



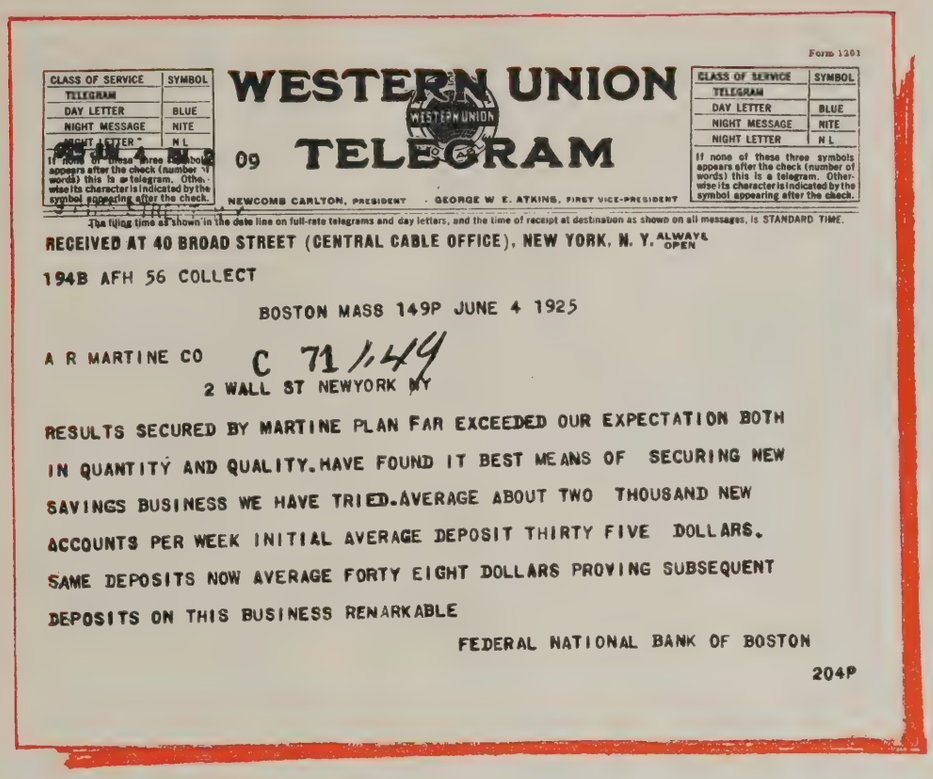
CLEVELAND

in order to hold them in the system. The point of all this is that Washington authorities are beginning to recognize the need of some action on their part that will insure favorable consideration for rechartering of reserve banks, and will also keep national banks in the system. It is strange in these circumstances that they do not recognize that the best thing they can do will be to reconstruct the Federal Reserve System upon its old lines and without the excessive reserve requirements which have so long restricted its growth as a result of the war and the war legislation adopted in 1917. Strange also that they do not realize the necessity of adopting a fairly reasonable attitude with respect to branch banking, at the same time that they take pains not to use the Reserve System as a factor for strengthening the competitive power of national as against state banks. These ideas, however, are apparently unrecognized or at all events neglected, owing to the pressure from other quarters for retaining the great and unnecessary reserve now held by the reserve banks, for keeping the country vote conciliated, by refusing to put the national upon the same plane with state banks as regards branches, and for pleasing a few city bankers by arranging to cut the number of reserve banks and probably to make a number of the present institutions branches of the others. Ever since the opening of the Reserve System there has been a continuous, determined and persistent effort to make the Federal Reserve System subject to control from one or two points by steadily centralizing all banking powers and functions and converting it into a highly centralized banking system with very closely chosen boards of directors. Upon this issue undoubtedly there will be great division. It is another phase of the same general question of reserves which has already been described. Those who want a single central bank, or two or three at most, are naturally inclined to keep the funds of the country entirely out of the hands of their true owners, the member banks, and to accumulate them solely in the vaults of the small number of highly centralized reserve banks which they want to see established. It is undoubtedly an unwholesome and abnormal movement that is thus being fostered, and the question what will become of it is likely to be determined in no small measure by the practical attitude of bankers during the next year or two while the whole situation is plastic and open to consideration in Congress. This illustrates from another angle the extraordinary seriousness and immediateness of the entire problem.

*Criticism of Proposed Amendment*

There has, of course, been a good deal of criticism directed against the proposal to put the Federal Reserve System into something like its original condition by repealing the war amendments to the law. Perhaps the most forceful complaint is that what is proposed by some Congressmen would amount to little else than a division of existing reserves between the reserve banks and the members, thereby weakening our existing reserve banks without more than nominally putting back the basis which existed in 1914. There is force in this criticism, but it should be understood that both the present reserve percentages and those of the original Reserve Act were necessarily tentative and experimental. The desire of those who drafted the original

(Continued on page 28)



Form 1201

| CLASS OF SERVICE | SYMBOL |
|---|---|
| TELEGRAM | |
| DAY LETTER | BLUE |
| NIGHT MESSAGE | NITE |
| NIGHT LETTER | N L |

If none of these three symbols appears after the check (number of words) this is a telegram. Otherwise its character is indicated by the symbol appearing after the check.

WESTERN UNION

09 TELEGRAM

NEWCOMB CARLTON, PRESIDENT · GEORGE W E. ATKINS, FIRST VICE-PRESIDENT

The filing time as shown in the date line on full-rate telegrams and day letters, and the time of receipt at destination as shown on all messages, is STANDARD TIME.

RECEIVED AT 40 BROAD STREET (CENTRAL CABLE OFFICE), NEW YORK, N. Y. ALWAYS OPEN

194B AFH 56 COLLECT

BOSTON MASS 149P JUNE 4 1925

A R MARTINE CO C 71 1149
2 WALL ST NEWYORK NY

RESULTS SECURED BY MARTINE PLAN FAR EXCEEDED OUR EXPECTATION BOTH IN QUANTITY AND QUALITY. HAVE FOUND IT BEST MEANS OF SECURING NEW SAVINGS BUSINESS WE HAVE TRIED. AVERAGE ABOUT TWO THOUSAND NEW ACCOUNTS PER WEEK INITIAL AVERAGE DEPOSIT THIRTY FIVE DOLLARS. SAME DEPOSITS NOW AVERAGE FORTY EIGHT DOLLARS PROVING SUBSEQUENT DEPOSITS ON THIS BUSINESS REMARKABLE

FEDERAL NATIONAL BANK OF BOSTON

204P

# Over 8,000 New Accounts Per Month

THE telegram above is direct evidence of what the Martine System is doing for banks throughout the country. This is just one of many others that are on file in our offices.

The Martine System is an absolutely new plan for securing accounts that is superior to anything that has ever been devised. The operation of it can be taken care of by practically anyone in your bank. It has been tested in hundreds of banks throughout the country and is just as effective in small cities as in the large centers. The element of chance is entirely removed. You can utilize this plan now and profit as hundreds of others have done

## *Less Expensive Than Any Plan Ever Before Devised*

It will surprise you how little it will cost you to accomplish results similar to those whose experiences we are quoting from actual letters and telegrams.

It will cost you nothing to obtain complete particulars regarding our system and it will be the means of accomplishing the thing you have perhaps found so difficult. Fill in the attached coupon and complete information will be furnished you immediately.

A. R. MARTINE COMPANY, INC.
2 Wall Street, New York

MARTINE SYSTEM
"BETTER ACCOUNTS AND GREATER VOLUME AT LESS COST"

## *Tangible Evidence of What the Martine Plan Has Done for Others*

"—Our experience with Martine Plan entirely satisfactory. We got 20,000 accounts and $500,000 in 6 months. Close-outs less than 5%—"

"—Martine Plan very successful, more than satisfied. We would recommend. 18,000 new accounts opened—"

"—Our campaign is about 6 weeks old and during that time have opened 7,838 accounts with an average initial deposit of $38.00—"

"—The campaign was started on Dec. 9th and up to date we have over 17,000 new accounts, (4 months) with initial deposit between $6.00 and $7.00. Present average balances about $18.00. Our subsequent deposits have been most gratifying—"

***The coupon below will bring complete information regarding the Martine System including the endorsements of leading bankers***

THE A. R. MARTINE COMPANY, INC.
2 Wall Street, New York

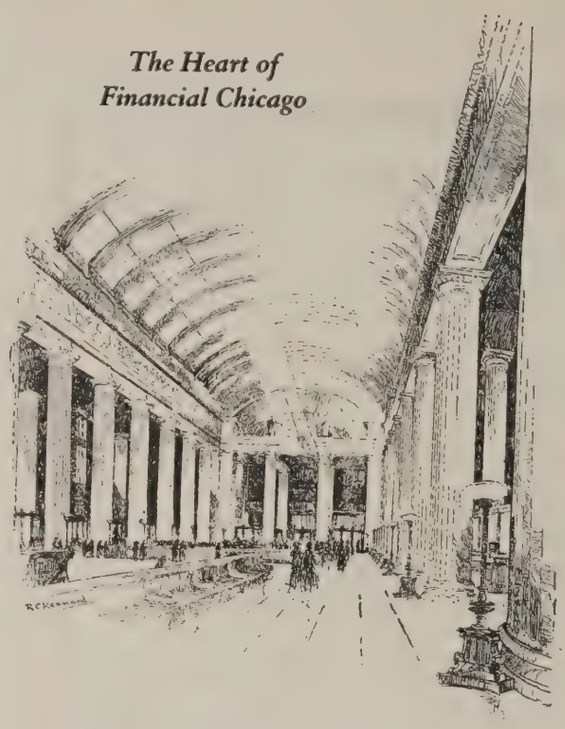
Please send complete information regarding your plan for increasing accounts.

Bank.....

Officer.....

City..... State.....

*The Heart of Financial Chicago*



FIVE thousand banks in the United States find the services of the Continental and Commercial National Bank complete and speedy. In size, strength and facilities, this institution is unrivalled in the West.

**The CONTINENTAL and COMMERCIAL BANKS**
**CHICAGO**

Total Resources
Over $600,000,000

Invested Capital
Over $60,000,000

(Continued from page 26)

Reserve Act was to make up to the member banks for the loss of the interest on their reserve balances formerly carried by city correspondents by reducing the total amount of reserve required of them. This it was possible to do because of the far greater credit strength provided by a dollar of reserve in reserve banks, as compared with a dollar of reserve split between a member and its city correspondent. When the time came for transferring the entire reserve to reserve banks as a war measure, a purely arbitrary reduction was made in the total amount of reserve, in order to avoid the criticism which would otherwise have followed from this massing of the entire reserve in the reserve banks. Experience has not been at all enlightening thus far, owing to present abnormality of specie conditions, with reference to the amount of reserve actually needed in reserve banks or in the banking system as a whole. The question is one that should be carefully investigated with a view to finding out what the desirable percentage is and how much of it should be carried in reserve banks. The one thing which stands out as having no support in past or present central banking practice is that of keeping the entire banking reserve of the country in the central bank. Not only is there no warrant for such plan, but the experience of the world at large is against it. The whole question really comes down to whether a banking reserve, over and above the minimum amount necessary to provide for safety, can or cannot be entrusted to the banks that are required to hold them. All of our experience such as it is (and unsatisfactory as it is) under the Reserve System points clearly to the thought that the present volume of specie reserve carried by reserve banks is unnecessarily large. If it be so, the argument in favor of dispensing with it is irresistible. How far banks should be required to hold reserves in their vaults (outside of the reserve banks) is a difficult problem because of the peculiar structure of our independent banking system. It is one which should be analytically considered and determined at the earliest possible moment.

*What is the Bearing of the Branch Question?*

The branch banking question has an intimate bearing upon this whole subject. Consider the case of, say, 100 independent banks with an aggregate deposit line of, say, $100,000,000. Now assume that these 100 banks are federated into ten systems, each consisting of ten banks of which nine are branches of the tenth. Here there is a centralization of banking with the economy of reserves which results from all such centralization. If a central bank be

(Continued on page 30)

**√Check**
YOUR ADVERTISING FOR RESULTS
IF IT ISN'T MAKING GOOD, WRITE
The HAHN-RODENBURG CO.
SPRINGFIELD, ILLINOIS
Individually Designed Newspaper Advertising Service

BEST CIRCULATION BUY IN THE BANKING FIELD
Write for Rate Card
The Burroughs Clearing House
DETROIT MICHIGAN

Holland Poster Display *for* BANKS
will speak for you to thousands of depositors and passers by. One of the most effective and inexpensive forms of advertising you can use.
*Write for particulars and terms of Special Trial Offer.*
HOLLAND ADVERTISING CO., INC.
244 Fifth Avenue, New York

# Sunlight Changed *to Restful Daylight*



*Bank of Italy, Sacramento, California. Equipped with Western Venetian Blinds.*

THIS modern window equipment reflects direct rays of sunlight to the ceiling where they are again reflected and diffused. Thus, sunlight is changed to subdued, restful daylight.

. . . Ventilation, too, is controlled. Draft is avoided because air currents are diverted upward.

. . . Because of this superior and unequaled service, because of the pleasant environment created, because of the beauty of uniform appearance, and because of greater economy, leading banks everywhere now use Western Venetian Blinds.

**Western Venetian Blinds**

**MORE LIGHT~MORE AIR~LESS GLARE**

WESTERN VENETIAN BLIND COMPANY

General Offices, Los Angeles: Factories, Los Angeles and Kansas City
New York Chicago Kansas City, Mo. Portland, Ore. San Francisco Seattle Atlanta
Texas Agents: Two Republics Sales Service, San Antonio, Dallas, Houston

*Mail Coupon for Free Catalog.*

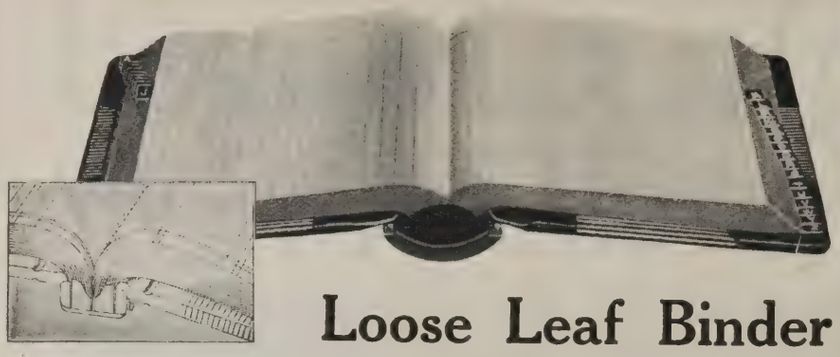
WESTERN VENETIAN BLIND CO.
2700 Long Beach Avenue, Los Angeles, Calif.

Gentlemen: Please send me your free illustrated catalog showing installations of Western Venetian Blinds.

*Name* _____

*Address* _____

*City* _____ *State* _____



# Loose Leaf Binder
## or Near-Loose?

Unless sheets can be removed or inserted quickly and easily a binder is not really a loose leaf device but a makeshift.

In the Proudfit a single quarter turn of a key releases the mechanism so that any sheet is accessible throughout the book.

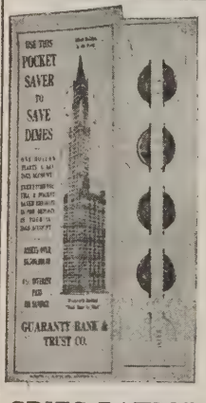
This is only one of the many time-saving features of Proudfit Loose Leaf Devices.

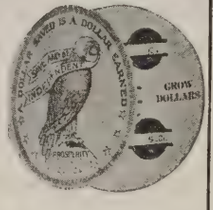
The open book shows the difference in accessibility between any old style binder and a Proudfit.

We manufacture loose leaf devices of all kinds. Agencies in all principal cities.

**PROUDFIT LOOSE LEAF CO.**

**17 Logan Street - - - Grand Rapids, Mich.**




**NEW ACCOUNTS AT LOW COST**

**SPIES PATENT DIME SAVERS**

Solve the problem of securing new Savings Accounts at a minimum cost.

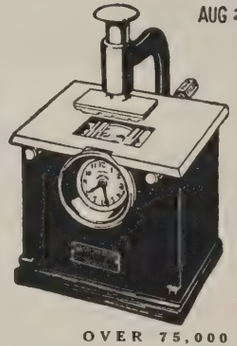
Being novel and attractive the psychological reaction to these cards is to slip in a coin and "see how they work." Once started the card is soon filled and returned for deposit.

Made in capacities of one, two and three dollars. Many standard and special designs to choose from.

*Send for Samples and Prices.*

**BERG SALES COMPANY**

**Room 9, Herald Bldg. WATERTOWN, N. Y.**



AUG 28 1917 3 43 PM

(Facsimile imprint reduced in size)

**Avoid Disputes**

Keep an hour and minute time record of every visit to your **safe deposit vaults.**

The Kastens Time Stamp **prints each MINUTE,** hour and date automatically.

Catalog? Yes, an interesting one, too. Send for it, now.

**HENRY KASTENS**
**422-424 W. 27th St.**
**New York City, N.Y.**

OVER 75,000 IN USE

**Watch Case Notarial Seal**
**And General Embosser**

LIGHT—CONVENIENT—
EFFECTIVE—
GUARANTEED

**DIES—Official Size.**

Nickel Silver Case, any lettering, to Burroughs Clearing House Readers for 30 days - - $5.00

**CASE SEAL COMPANY**
**Dept. 75, 145 No. Clark St., Chicago**




HOLLAND
Advertising Company, Inc.
244 Fifth Ave., New York




**O·B·McCLINTOCK COMPANY**
MINNEAPOLIS, - - MINN.

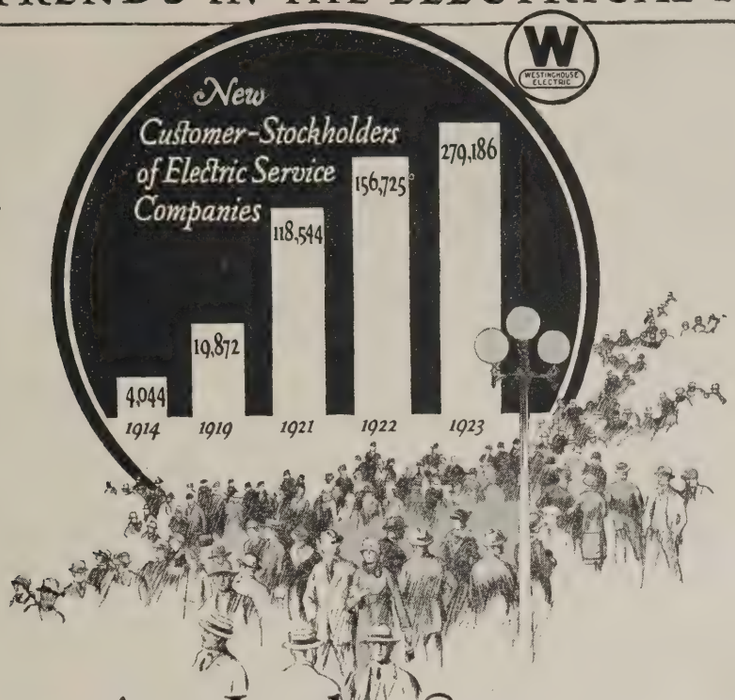

(Continued from page 28)

added so that there exists one central or reserve bank surrounded by ten members, each with nine branches, a third type of reserve organization is developed in which probably the smallest actual need of required reserve is felt. Each of the ten banks with its nine branches is able to perform many of the functions of a central bank for its branches, shifting resources from one to another as needed, while the central bank itself is able to shift resources between the ten systems. There is nothing sacrosanct about any particular "reserve percentage." What is wanted is to ensure safety and liquidity. Experience and comparison of practice is needed in order to determine what this percentage should be as a minimum. Many foreign central banks make no such requirements but leave it to the central bank to determine the amount of reserve needed for liquid condition. Such a plan would not be successful in a country with independent banks like ours. Some minimum of required reserve is undoubtedly indispensable. On the whole the present tendency in American banking is toward a modified branch type of organization. The growth of branches within the cities where parent banks are located has been notable. In its report of last December the Federal Reserve Board found that we already have in this country 2,000 branches of which many are within the same city as their parents but many also scattered throughout a large territory. This tendency will continue. State legislatures are carrying it steadily forward by their enactments. The function of the Reserve System should be to adapt itself to natural changes within the banking system, and to modify its reserve requirements to suit the progressively altered needs which vary as time goes on and as the degree of banking centralization changes. All this appears obvious when considered in the light of foreign experience and should be accepted here as axiomatic. Whatever is done about branch banking—whatever is not done on the subject—involves changes in reserve requirements and administration. These facts in the case are being more and more fully recognized and admitted as time goes on. They account for the attention that has been given to the two McFadden Bills already described.

## Bank Realtors in Tuscon

IN TUSCON, ARIZONA, the banks do a real estate business, handling subdivisions and the sale of buildings on commission. Distinct departments are maintained with a separate force of salesmen. It is estimated that about 60 per cent of the real estate sales of the city are consummated through the bank agencies.

## ECONOMIC TRENDS IN THE ELECTRICAL INDUSTRY




# An Industry Owned by the People

The American people own the electrical industry. In number of stockholders, in distribution of securities, in democratic ownership, the electrical industry ranks with the highest in the world.

For illustration, during 1923 there were 185 utility companies that enrolled approximately 300,000 of their customers as stockholders. Customer shareholders furnished one-third of the money called for by the construction programs of the electric service companies in 1923. *Electrical World* estimates the total numbers of customer shareholders enrolled by the utilities during the past ten years at about one million.

Widely distributed ownership is a favorable economic factor. It helps build business; it is an assurance of capital; it makes for financial stability; it is a protection against public misunderstanding.

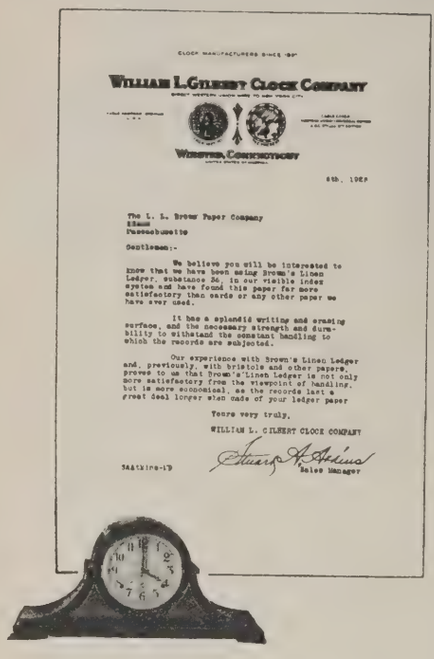
WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
EAST PITTSBURGH, PA.

# Westinghouse

The Westinghouse organization began in 1886 with 200 employees. Today it has 50,000.

Electrical apparatus made and installed by Westinghouse is to be found in every civilized country on the globe, while Westinghouse-equipped ships daily traverse the seven seas.

# "We find it most satisfactory — more economical!"



WILLIAM L. GILBERT CLOCK COMPANY

WINSTED, CONNECTICUT

The L. L. Brown Paper Company
Adams
Massachusetts

Gentlemen:-

We believe you will be interested to know that we have been using Brown's Linen Ledger, substance 24, in our visible index system and have found this paper far more satisfactory than cards or any other paper we have ever used.

It has a splendid writing and erasing surface, and the necessary strength and durability to withstand the constant handling to which the records are subjected.

Our experience with Brown's Linen Ledger and, previously, with bristols and other papers, proves to us that Brown's Linen Ledger is not only more satisfactory from the viewpoint of handling, but is more economical, as the records last a great deal longer when made of your ledger paper

Yours very truly,
WILLIAM L. GILBERT CLOCK COMPANY

Sales Manager

**80%** of the reasons why business interests and government officials insist on Brown's Linen Ledger paper for their important, permanent record books are clearly expressed in The Gilbert Clock Company's letter:

¶ **"Splendid *writing* and *erasing* surface."**

¶ **"Necessary *strength* and *durability*."**

¶ **"Greater resistance to handling and time."**

*and*

¶ **"It is more economical . . . than any other paper."**

It isn't safe to entrust important, much-handled records to cheap, non-permanent paper. Brown's costs more than most papers, but it is the most *economical*. For 76 years it has been the standard of discriminating buyers everywhere.

Brown's Linen Ledger—as well as linen and bond papers bearing the L. L. Brown watermark—can be obtained from those who regularly supply your record books and stationery. Write for samples.

**L. L. BROWN PAPER CO.**
**Adams Since 1849 Mass.**

*For your loose-leaf records Greylock Linen Ledger —with Brown's Flexible Hinge — will do what Brown's Linen Ledger does for bound books and card systems.*

8185

# L. L. BROWN'S *Ledgers, Linens and Bonds*

| | | | | | |
|---|---|---|---|---|---|
| Brown's Linen Ledger *White, buff, blue* | Advance Linen Ledger *White, buff, blue* | Greylock Linen Ledger *White, buff, blue* | Greylock Linen Ledger *with Brown's Flexible Hinge for loose leaf Books* | Brown's Fine *White, buff, blue, pink* | Brown's Linen *Cream, blue; wove, laid* |
| Advance Bond *White, buff, blue, pink* | Greylock Bond *White* | Brown's Linen Typewriter Papers | Advance and Greylock Typewriter Papers | Brown's Manuscript Covers | |

1849 1925

# The Banker

## His Influence and Buying Power

Whatever your business—you need the banker. Whatever you sell—your business is fortunate if you have on your side the banker's influence—his leadership, his approval, his example.

And remember that the banker himself, in his own right, is a huge market—a quality market for those things that a man buys for himself and a quality market for those things that the banker buys for the bank.

*THE BURROUGHS CLEARING HOUSE will carry your selling talk into every bank in the United States and Canada*

*Write for a rate card.*

**The Burroughs Publications**

**Burroughs and Second, DETROIT, MICHIGAN**

*In writing to advertisers please mention The Burroughs Clearing House*


# The Zone Idea in Merchandising

(Continued from page 18)

by our understanding of the operation of our various departments; by our appreciation of the value of co-operation between these departments, and by a personal acquaintance with the folks throughout our organization.

"Main office departments in their dealings with the branches have some real problems—and ones that are sometimes not appreciated by the branch people, because a large proportion of them have never had an opportunity to acquaint themselves with the main office, and do not realize the volume of business it handles.

"DURING the past month arrangements were made to give all branch people an opportunity to visit a number of main office departments. Nine departments were selected, most of which have daily contact with the branches and the balance because they were little known to branch people.

"The branches were divided into seven groups. The first group of employees from the west side was brought to the main office on Tuesday, February 3. It was then divided into four sections, two of which started from the basement and worked upwards and the other two started from the sixth floor and worked down.

"The following departments were visited: Fur and Silver Storage, New Accounts, Trust Corporation, Estates, Combination File, Proof and Transit, Audit, Branch Reconcilement, and Branch Management.

"Each group was placed in charge of an experienced guide and from ten to fifteen minutes were spent in each department. Talks were made by an officer or department manager and at the close of the talk those in the group were given a chance to ask questions.

"A halt was made at 5:30 for dinner in the cafeteria.

"At the completion of the tour, members of the four groups assembled in the board room for an inspirational talk by Vice-president Charles B. Gleason, executive supervising the New Business Department. Mr. Gleason gave some very interesting facts regarding the founding and history of the bank, stressed the aims and ideals which had their inception in the early days of the organization, showed that great opportunities still exist, and made all of his listeners proud of their association with the Cleveland Trust Company.

"As this is being written, four of the groups have completed their tours, and without exception, members of each group have voiced their appreciation of this opportunity. Much direct good has already come from these visits.

Main office people seeking information from the branches are now called by name, and because of personal acquaintance created, service between the offices is much improved.

"They are but the beginning of a greater appreciation of the mutual problems of the branches and the main office. The better understanding we have of each other and our jobs, the better we can work out these problems. This in turn will mean better and increased service to Cleveland Trust customers and greater opportunities for all of us."

TWO prizes of $25 each were offered by the New Business Department for the two best articles written by branch employees regarding these tours. Branch tellers were placed in one group and all other branch employees, excepting managers and assistants, were placed in a second group. The articles were limited to two thousand words and the members of each group had thirty days from the date of their tour in which to prepare and forward them to the New Business Department.

Questions asked by one of the tellers during one tour and his subsequent winning paper gave so clear a conception of the scope of Cleveland Trust service that the winner was interviewed by Mr. Gleason, who is also in charge of the bank's bond sales. As a result of that interview the prize winner was transferred to the bond sales staff and is making good.

In this banking day and age when the importance of proper personnel coordination and customer-contact are being emphasized more and more as definite merchandising efforts, the zone system is looked upon by the Cleveland Trust Company as a vital factor in its progress.

Properly-informed, enthusiastic and loyal employees and well-served patrons enhance the value of a bank's advertising and make it possible not only to get new business, but what is equally important, to get "repeat orders" from present customers.

That is something the Cleveland Trust Company now believes it is doing successfully.

## A Safe-Keeping Expedient

THE H. C. McLachlin & Company State Bank of Petersburg, Michigan, issues certificates of deposit for Liberty bonds, specifying the issue and denomination, but not the serial number. These totals are carried into the general books. The bank is thus able to keep the Liberty bonds in the safer vaults of its city correspondents. The city correspondent issues one receipt for the total and clips the coupons.


# *What One Collins Client Thinks of Collins Service*

The Collins Service,
Philadelphia, Pa.

Gentlemen:

Perhaps you will be interested in knowing that we think very highly of the character of service being rendered by your staff to client banks.

Our opinion is based on relations extending over a period of something more than three years, during which our every call received prompt, expert and vigorous attention. Nor did we have to call on you in many cases because we received publicity suggestions from you of a very effective type. These helps were coming frequently as you studied our needs and directed our publicity efforts.

We have always called on you freely whenever we have had some particular plan of publicity to be developed, and we have found your assistance very valuable.

It is with pleasure that we commend your service to any bank needing the aid of experts in directing its advertising and publicity of other types. It is a pleasure to have such an organization as yours is to call on.

With best wishes for your continued success, I am

Yours very truly,

(Name on request)

COLLINS SERVICE appeals particularly to the busy banker who wants to place his business-development work in the hands of an organization that is a self-starter, that doesn't need pushing and prodding to make it function.

Collins is the largest organization of its kind in the United States and its experience of many years with banks in every State in the Union makes its service of the greatest value to banks that wish to increase their profits.

*Write for the very interesting Portfolio "A Message from The Collins Service"*

**THE COLLINS SERVICE**

232 Columbia Avenue

PHILADELPHIA

# The "Bankers Dime Bank"




ACTUAL SIZE

## *A Good Article Made Better*

By being distributed through the best and most substantial all-metal non-breakable Vending Machine.

Through the use of this "Bankers Dime Bank" and Distributing Machine, which is loaned free of charge

**"The Public Pays the Freight."**

You secure new accounts at practically no cost.

Every bank that wants to increase its Savings Depositors should be interested in a method of distribution with guaranteed returns.

WRITE FOR THE SAMPLE AND THE PLAN THAT IS "PUTTING IT OVER" FOR OTHER BANKS

**Bankers Thrift Corporation**

**2240 No. Racine Avenue**

**Chicago**




DISTRIBUTING MACHINE

TEAR THIS OFF AND MAIL IT NOW!

BANKERS THRIFT CORPORATION
Chicago, Ill.

Please send a sample of the "Bankers Dime Bank" and the Plan.

*Name of Bank*_____

*Town*_____

**EXCLUSIVE TERRITORY OPEN FOR A FEW LIVEWIRE SALESMEN**

## Sugar-Coated Advertising

(Continued from page 22)

and daily in some of the larger cities. In my opinion "By the Way" is valuable as a newspaper advertising feature principally because it accomplishes the most difficult task bank advertising has to accomplish, that of getting itself read.

There follow typical paragraphs taken from the column:

"'By the Way' is going to appear in these columns twice a week. Just what this interesting feature is going to be we'll not say. We would like to have you read 'By the Way' regularly however, and be the judge."

"Charles M. Schwab, America's great industrial leader, stepped off the *Aquitania* onto a New York dock a few days ago. He was returning from Europe. A group of newspaper reporters asked Schwab to say something for publication and he made this statement: 'I have never made money in the speculative business. I have always lost. I have only been able to make money by taking up a business and developing it. There is no money to be made in anything except a business you can develop and into which you can put your heart and soul.'

"Schwab evidently agrees with Mark Twain who said, 'April is a bad month in which to speculate. Other months in which it is unwise to speculate are January, December, February, November, March, October, May, September, June, August and July.'"

"We just read a report which stated that estimates of farmers' 1924-1925 cash income will permit farmers to spend an extra million dollars each day this year. That's a pretty difficult statement for some of our Wood County farmers to believe. Such a statement is made possible, however, by bumper wheat crops in Kansas and Nebraska and by much better conditions prevailing in the Dakotas and other western states. Wisconsin is probably the most uniformly prosperous state in the union, thanks to our foster mother, the dairy cow."

"For the past four months men who ought to know have been assuring us that business is getting better. Probably many retailers have been wondering why, if business is getting better, the retailer isn't seeing much of an increase in sales volume. The answer is this: It takes from three to six months for retail business to notice the effect of the general improvement in conditions. At this rate, retailers have from two to four months more before they can appreciate any change that may be occurring. After all, however, conditions in general are secondary to local conditions in importance."




*THE LIMA TRUST COMPANY BUILDING, LIMA, OHIO*

WE OFFER to bankers a unique architectural service—reinforced by 32 years experience and backed by the knowledge and skill of men thoroughly familiar with every phase of modern banking methods. Each of our bank buildings is designed to fit the resources and needs of the client, and each operation invariably reflects in increased deposits and dividends the results of extensive research and well directed study.

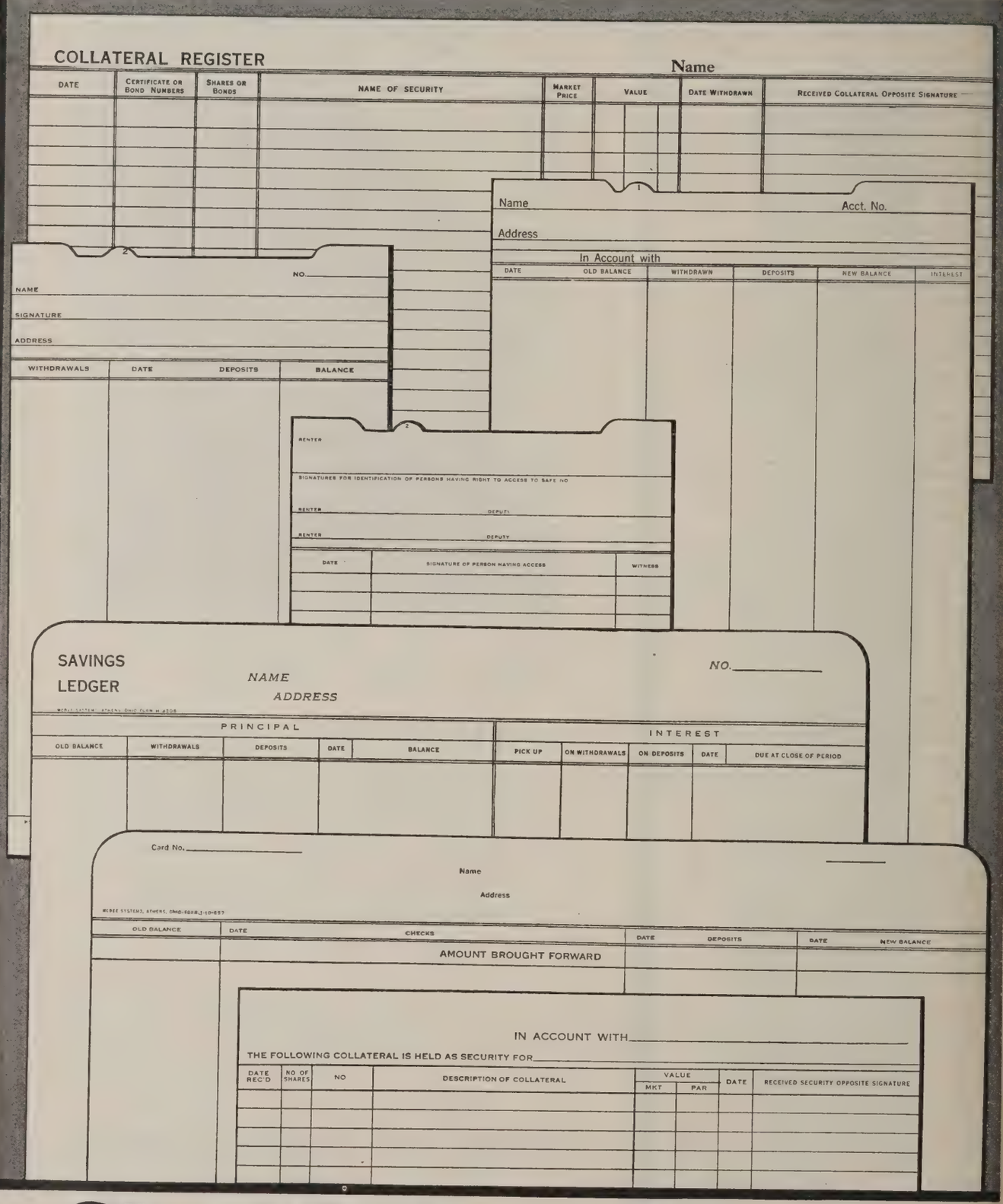
*May we send you a copy of our portfolio, the "Work of Weary and Alford Company"*

WEARY AND ALFORD COMPANY

*Bank and Office Buildings*

1923 Calumet Avenue, Chicago

# A McBee Form for




# The McBee Binder

# Every Card Record

TO THE BANK using card records and card filing systems McBee can be of inestimable value. Not only do we supply all forms and files for such records, but we are prepared to co-operate with you in analyzing your needs in order to apply the system best adapted to your special requirements.

You will note at the left and below a few sample forms for bank use. These forms are printed on the weight, texture and color of paper best adapted to the functions to be performed in accordance with standards established through years of practical experience with filing systems.

Ruling, printing, alignment, cutting and paper stock are of the highest quality and workmanship.

In addition to card files and filing systems McBee will supply you with loose-leaf forms, systems, steel filing cabinets of all types, safes, desks and shelving. Check the subject you are interested in on the list below and mail to us, that we may serve you in the best manner possible.

## THE McBEE BINDER COMPANY

ATHENS, OHIO

*Offices in Principal Cities*

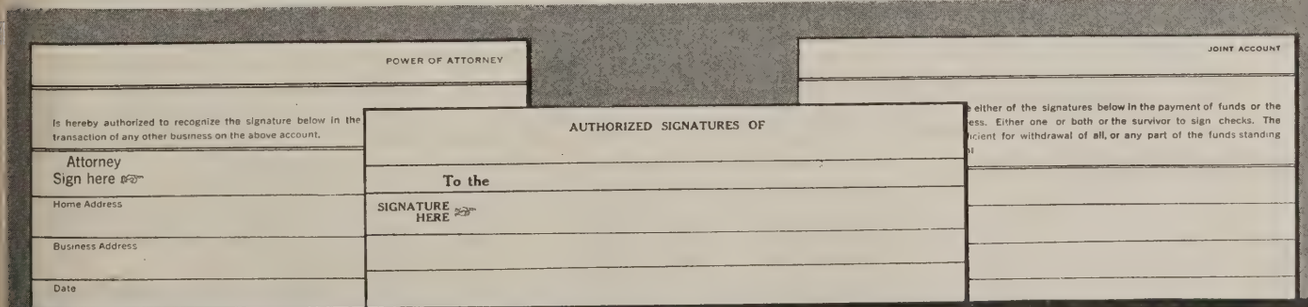
FACTORIES: ATHENS, O. ST. LOUIS, MO. SUSSEX, N. J.

CHECK THE SUBJECTS THAT INTEREST YOU AND MAIL THE LIST

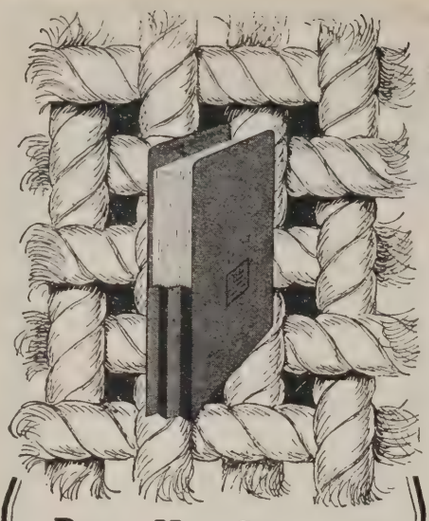
TO THE
McBEE BINDER COMPANY
ATHENS, O.

- ☐ SAVINGS LEDGER CARDS
- ☐ DEPOSITOR'S LEDGER CARDS
- ☐ DEPOSITOR'S STATEMENTS
- ☐ BOND REGISTER
- ☐ LIABILITY LEDGER
- ☐ SIGNATURE CARDS
- ☐ LEDGER TRAYS
- ☐ STEEL FILING CABINETS
- ☐ STEEL DESKS
- ☐ CHECK FILES
- ☐ NOTE CASE
- ☐ LOOSE LEAF LEDGERS

Name_____ Address_____




# Company Athens Ohio.



## Rope Has Strength

Only long fibres of hemp are used for making the best grade and the strongest ropes.

Hemp rope is used exclusively in the manufacture of Bushnell's "Paperoid." Many other papers are referred to as "*Rope*" papers, but are made of jute fibres or the cheapest and least-wearing wood fibres.

Vertex
VERTICAL-EXPANDING
FILE POCKETS

are made of "Paperoid"—*Long Hemp Rope Fibres*. They will outwear many of the ordinary flat folders. They not only wear well, but are also a big improvement in filing and handling papers. "Vertex" Pockets expand as the papers increase. Index tabs are always in full view. Filing and finding made easy and accurate.

**Prove this in your own files. Use the coupon below for a trial sample Vertex Pocket. No charge or obligation on your part.**

**ALVAH BUSHNELL CO., Dept. C**
*Durable Filing Containers*
**933 Filbert St., Philadelphia, Pa.**

CUT HERE

Please send for examination and trial a free sample of BUSHNELL'S "VERTEX" Paperoid File Pocket, as described in July BURROUGHS CLEARING HOUSE.

Name of Firm

Address

Name of Person Inquiring

Letter size or Legal size desired?

If special size is required, send sample of sheet to be filed, and give width and height of drawer

**To Alvah Bushnell Co., Dept. C.**
**933 Filbert Street Philadelphia, Pa.**

# The Compound Interest Column

*By* DON KNOWLTON

IN THE old days, men of iron ruled the world. Now it's iron men.

I know a stenog who says her boss thinks a permanent wave is a sign of water on the brain.

Yes, I'm still thinking in terms of new business.

I state it as a matter of pride that there is not a single bank that has put into practice *all* of the business-getting suggestions which I have revealed in this column, that has not found them successful.

Now here is an idea for merchandising safe deposit boxes, and all it will cost will be the expense of a two-column, four-inch ad in the daily paper, plus the setback of one quart of genuine old Scotch.

Set aside a block of one hundred unrented safe deposit boxes. Secrete the quart within one of them—nobody knows which one.

Then publish that fact in your newspaper ad—

Gentlemen, the line will form on the right. I guarantee it.

All some men learn from an Extension Course is how to stretch their credit.

Youthful bankers—attention!

Do you want to make a success in the world?

Here is a bomb-proof, guaranteed-or-your-money-back formula.

I know it's good, because all successful American business men used it in their youth.

This is IT:

Land somewhere with only five cents in your pocket.

It doesn't make any difference where—just most anywhere. San Francisco or Mexico or Hoboken or the freight yards. The place is immaterial. But you mustn't have over five cents. And if you want to be sure the formula will work, you must spend that five cents at once for a bun or smoking tobacco or two papers and a stick of gum.

If you don't believe what I'm telling you, read the magazines. I challenge you to find a history of any successful man as published in any modern magazine, in which it is not somewhere related that at some place and time in the youth of the hero, he landed with only five cents in his pocket.

That's the trouble with most of us—we can't get down to that last five cents. We *will* go around with thirty-seven cents or a dollar and a half or some equally outrageous sum, thereby cutting off forever our chances for fame and success.

Customer—I'd like to see the custodian, please.

Guard—Yes, Madam. Trust Department, third floor.

Excited suburbanite, at the tail-end of a crap game—"I'll shoot you my equity in my washing machine against your equity in your radio!"

President to Cashier—Did you get the window box on the front of the building fixed up all right?

Cashier—Yes—eventually. I got the geranium for the north end of the box from Smith Brothers, the geranium for the south end from Grime's Flower Shoppe, and I let Harper put in the petunia plant in the middle. Now everybody's happy.

As the man said about his home brew, after the "gang" had been out to the house, "It isn't what you make, it's what you save, that counts."

First bookkeepress—What makes your sweetie look so sad, Mabel?

Second bookkeepress—I promised him a kiss a day, and he's overdrawn.

It is true that bears do sometimes run to cover, but according to winter securities charts the general investing public apparently believes they actually do hibernate.

Our idea of a Wise Young Banker is the lad who thought they cut the stubs off the monthly statements because otherwise they would be too big to go into the envelopes.

If you want to make good golf scores, don't take up any of these memory courses.

In the last issue of this column we said "A certain midwestern bank advertises what is called its $1,000 Club, whereby the customer buys $1,000 for $925.45 by paying in $4.45 per week for forty-eight weeks."

Yes, I went and got things wrong.

It wasn't $925.45—it was $925.60!

For 15 cents should we make a correction? No!

But it was worse than that. It wasn't forty-eight weeks—it was forty-eight *months!*

All my mistake, too. Of course the bank didn't advertise it that way—I misquoted it.

For which I beg everybody's pardon.

Of course anybody with any intelligence wouldn't have made a mistake like that.

Intelligent people know that $4.45 multiplied by 48 wouldn't come out at $1,000, even plus interest.

I envy intelligent people. I don't know what authors would do without intelligent people to check up on them. There is indeed a rare acuteness of intellect in that type of mind which notes that on page 3 of a certain story the author says the violets are blooming, whereas on page 7 he speaks of the autumn frost on the ground. There is, too, that man who in the art museum notes that in the famous painting the sun is rising in the south. And here, likewise, I bow, I humble myself, I lie prostrate before those champions of fact, those banner-bearers of things as they really are, who so courteously have informed me that I have made a misquotation of a sort which should have been perfectly obvious to me when I made it.

Guilty. I am awfully sorry.

New Canadian slogan—"'ale, 'ale, the gang's all 'ere."

Farewell,
Little Nickel!
I slip you
Breathlessly
Into the fateful orifice
Of this mystic mechanism of thrift.
Work for me, slave for me, oh Nickel!
Thou five times forceful multiple of the integral cent,
Double thyself
In sixteen years and no matter how many months!
Grow! Multiply! Bring forth thyself
A thousand, nay, a million times!
Farewell, little Nickel—
You were battered and nicked and counterfeit,
The street car conductor wouldn't take you—
Maybe the bank teller
Won't notice you.

Every once in a while we run across the sort of reformer who wants to keep fresh cut flowers in all the sponge cups.

## Monkey Business

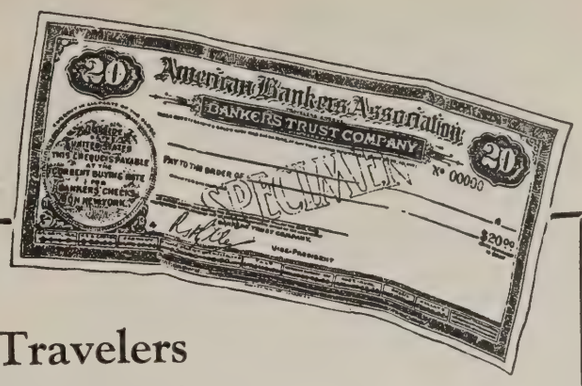
THE following letter was received recently by one of the State Street banks:

Will you please not cash a check which I made out to a local pet store (I forget the name). It is to pay for a monkey. I have got it home and dislike it horribly. I must get them to take it back, and think it will be easier if they cannot get the money. I would appreciate it very much if you will do me this favor, as I simply cannot endure the little beast.

—*Old Colony News-Letter.*




Like the Magic Carpet, A·B·A (American BANKERS Association) Travelers' Cheques take you wherever you want to go.




650,000 Travelers
Last Year Carried
$136,500,000 In

A·B·A American BANKERS Association Cheques
"TRAVEL MONEY"

**making them the most widely used travelers' cheques.**

The growing preference among travelers for A·B·A (American BANKERS Association) Travelers' Cheques is a fact which should more and more react to the benefit of every banking institution selling them.

They have never been successfully counterfeited. Well made,—crisp, clean and handsome as new bank-notes. Good for U. S. customs. Self-identifying. Accepted everywhere at home and abroad. Provided in neat wallets in denominations of $10, $20, $50 and $100. The OFFICIAL travelers' cheques of the American Bankers Association.

*Write us for literature and further information.*

***The Agent for the payment of all American Bankers Association Travelers' Cheques is***

BANKERS TRUST COMPANY
NEW YORK PARIS LONDON

# Use these *tested* plans

## to increase your bank's deposits

LEADING banks have found certain highly successful plans for increasing business. Recently these tested plans have been gathered together and are now available to your bank without one penny's cost.

Because we serve over one-third of the banks in America, we have come to act as a clearing house for new ways of increasing deposits. Today we are making it an important part of our service.

SUPER-SAFETY BANK CHECK

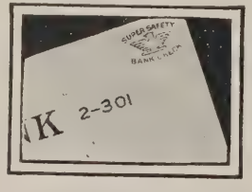
It was to help build business that we first offered banks the plan of providing their customers with checks protected against fraud—Super-Safety Bank Checks.

*Now* to bring banks new business, a nation-wide program reaching 20,000,000 people is appearing in leading national magazines. It is showing in a powerful way how banks help men and women become independent. How a checking account makes money go farther. Why a service charge is justified. How one's bank is his strongest business connection.

Then, so that you may take full advantage of this national campaign in your own community, advertisements have been prepared for *you* to use *in your local newspapers.* This advertising is the work of one of the largest advertising organizations in America, whose services would not be available to you in any other way.

These local advertisements have already been tested and proved successful. Now you may use them without charge to increase your business. With them will come tested business building plans which you can also adapt to your own locality.

Can you afford not to investigate a free cooperative service so remarkable? Write now for detailed information.




*Super-Safety Bank Checks protect depositors against check fraud. They are made of the safest check paper supplied by any bank.*

BANKERS SUPPLY COMPANY, Division
THE TODD COMPANY
5948 So. State Street, Chicago
*Business-Building Merchandise for Banks*
NEW YORK ROCHESTER CHICAGO DENVER DALLAS


# Keep the "Heat" Going for the Yegg

(Continued from page 13)

the police departments take pains to let it be known among the bandit brotherhood that known crooks will be tolerated only so long as they do not operate. This is a new and quite popular phase of modern police control of crime.

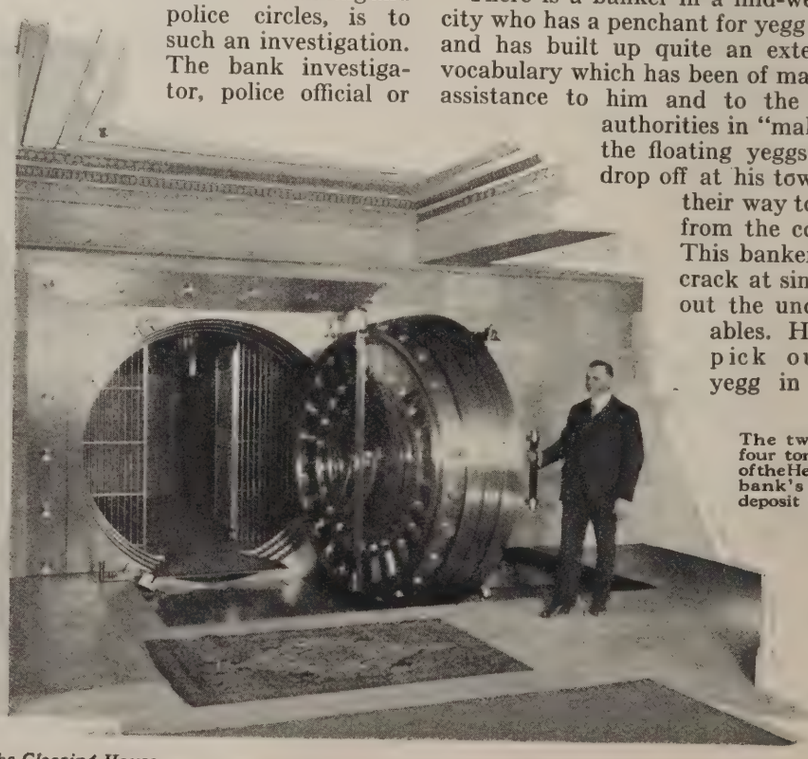
Following the clean-ups in the northwestern states there was a noticeable increase in bank attacks in some adjoining states, but it is highly probable that if these states had adopted measures similar to those used in the northern tier the increase would not have occurred. There is no copyright on the militant system tried with such great success in the Northwest; any bank or group of banks is at liberty to copy the plan.

It would not be wise to detail the plan, but this much can be said: the work of investigation was placed in the hands of a trained crew of investigators headed by a chief who was the clearing house for all yegg information; police officials were not invited, but advised to co-operate; lists of all known yeggs in the territory under investigation, and their photographs and criminal histories, were collected and placed in the hands of the authorities.

The clearing house idea produced splendid results. It was easy to "make" the known criminals—to borrow an expression of the "yegg" world. When a criminal is identified he is said to be "made" and this is an important preliminary in an undertaking of this kind. It is surprising how important the language of the underworld, unfortunately too little known in banking and police circles, is to such an investigation. The bank investigator, police official or country constable who has not a smattering of the jargon of the yegg is seriously handicapped in dealing with him and not at all prepared to combat the fake alibis and lies which the yegg perpetrates when he knows he is dealing with an inexperienced police official. Yegg language is the one tie that binds the underworld into a fraternity and singles them out among honest citizens. A yegg expression dropped here and there by a crook, unconsciously, is often the index to his real identity when he is posing as something he is not. A yegg may change his clothes, dye his hair, grow a beard and resort to every device to hide his real identity and occupation, but he habitually drops into yegg slang and it gives him away.

A POSTMASTER in a small town was asked by a well-dressed stranger for directions to the "stir." "What do you mean—stir?" inquired the postmaster. "Jail" explained the stranger. Accidentally the postmaster repeated the incident to a postoffice inspector who knew yegg terms—with the result that the stranger was watched and when his lodgings were searched, a complete burglary outfit was found and a plan to rob the local bank and postoffice frustrated. Hundreds of other incidents like this have occurred. A note couched in yegg terms was picked up in the rendezvous of crooks and its translation by a detective who knew the language resulted in uncovering a cache of stolen bonds and jewelry valued at $80,000.

There is a banker in a mid-western city who has a penchant for yegg slang and has built up quite an extensive vocabulary which has been of material assistance to him and to the local authorities in "making" the floating yeggs that drop off at his town on their way to and from the coasts. This banker is a crack at singling out the undesirables. He can pick out a yegg in two



The twenty-four ton door of the Hellman bank's safe deposit vaults

minutes of conversation. He knows hundreds of them and they have a decided respect for his community. Strangely, yegg vernacular was invented as a shield for the criminal; as a matter of fact it most often leads to his undoing. It marks him for what he really is. Obviously it is a handicap in banking not to know banking terms; you are similarly handicapped in dealing with the yegg if you do not know the meaning of his idiom.

Quite as important as anything else in dealing with the organized yegg is knowledge of the reason why he has picked out your bank and your community for attack. The yegg has his ear close to the ground. He knows the fertile places where his craft will flourish as well as the farmer knows where the best crops will grow. He knows also when it is best to strike and he knows when to move. If your community is poorly policed, your banking practice careless, your prosecuting attorney lax or ignorant, you can expect attacks from the organized crook.

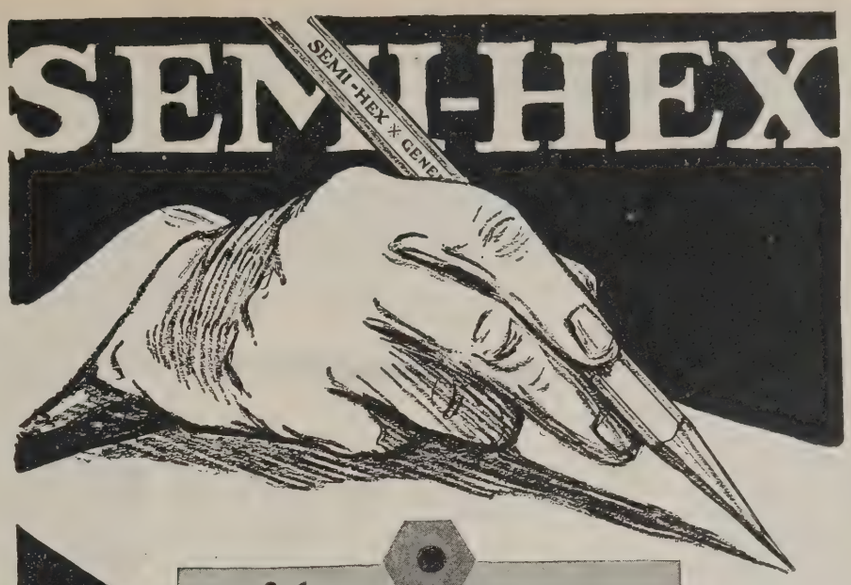
THE yegg knows too when the laws are being changed either in favor or against him. Hundreds of crooked lawyers, who, unfortunately, have a hidden but nevertheless commanding voice in drafting laws aimed at the yegg, are always busy in their clients' interests. This type of lawyer is, as a rule, a political power. His reason for being for or against this or that law may be obscure to the legislator but well known to the crook. Since his practice is mainly from professional yeggs and his reward large, he might be considered on a yearly retainer to serve their interests. Too many of them are doing so. The yegg calls his lawyer a "mouthpiece." It is appropriate.

Statistics on the trend of crime show that yeggs operate most often in states where there is no capital punishment. Their business often ends in murder. Many of them, knowing that the worst they can get is life imprisonment, often wantonly kill, knowing that in doing so they have a better chance to get away and leave fewer witnesses to face in court.

I know a notorious bank stick-up man who escaped from a Canadian prison and was captured in the United States, in a state without capital punishment. He was caught unawares. He knew that if he were returned to Canada he would be flogged. He fought hard against extradition, and when he lost out, made this startling statement to the authorities:

"It's a good thing you fellows caught me off my guard. I had planned to kill anybody that tried to take me, knowing that the worst I could get in this state would be life and life is much better than a flogging, for thirty lashes make a man useless in my game."

SEMI-HEX




write 100 words!

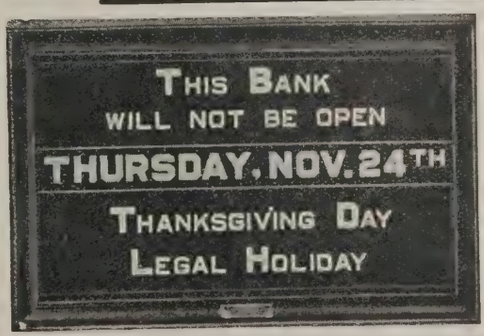
You may think all pencils are alike—but write 100 words with SEMI-HEX and any other pencil. You'll get the difference instantly.

SEMI-HEX is incomparable — smooth, long lasting lead, a round corner pencil that's comfortable to use—and the price is only a nickel at your stationer's.

*Send 10c for a trial set of three pencils including SEMI-HEX*

GENERAL PENCIL COMPANY
INCORPORATED
Jersey City New Jersey
*Manufacturers*

Clark Changeable Boards




NO INSTITUTION relies more on the use of signs in serving its clients than the bank. Therefore, we have given special attention to making Clark Changeable Signs meet every requirement of the modern bank. They are well-made and attractive and can be changed quickly with ease.

*Write for Catalog on Bank Signs*

R. W. CLARK MFG. CO.
1774 W. Wilson Ave., Chicago, Ill.

*In writing to advertisers please mention The Burroughs Clearing House*

# The Branch's Private Newspaper

## The Bank and the Neighborhood Weekly Work Together on a Private Publication to Announce the New Outlying Branch

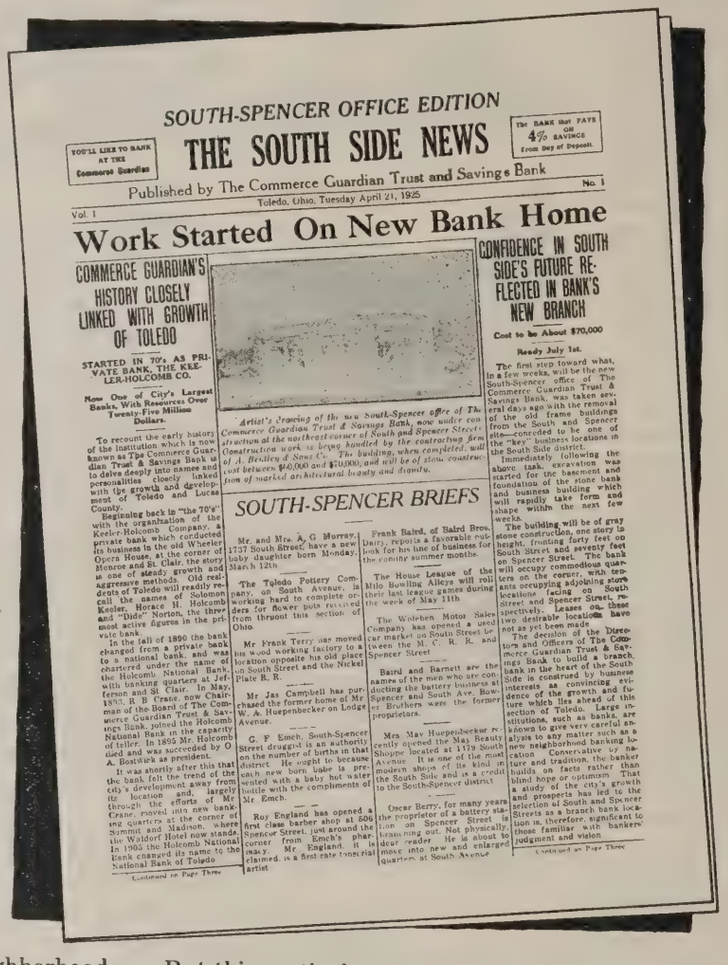
*By* GEORGE M. ELLIS
Commerce Guardian Trust & Savings Bank
Toledo, Ohio

VARIOUS methods have been used to announce to the residents of a given community that a new branch of an old, established downtown bank would soon be opened in the vicinity. These methods have included advertising in the metropolitan dailies, advertising in the small, neighborhood newspaper of the community (if one existed), direct-mail campaigns and house-to-house distributions of folders, booklets or circulars spreading the news and interesting features of the about-to-be-opened branch bank.

In Toledo, where branch banks are becoming quite as numerous, in proportion to the city's population, as in Detroit, Cleveland and other cities, all of the usual methods have been used—and with considerable success by those banks that put intelligent and co-ordinated effort into the plan of action.

As our bank recently decided to establish a new branch on the South Side, at a location which has no banking facilities within a radius of a mile or so in any direction, the usual publicity problem presented itself—and, but for an uninvited call from a neighborhood newspaper publisher, might have been handled in the usual manner.

Having heard of our proposed new branch in the section of the city covered by his little weekly newspaper, this young man, of course, lost no time in scurrying in to see us with a request for an advertising contract with his sheet—citing the regulation arguments of "reader interest," "complete coverage," "indorsed by the business men of the community," etc.,—the usual solicitation by the representative of a weekly, neighborhood newspaper. And the usual, equally cut-and-dried, response was forthcoming—including a promise to bear his paper in mind when planning the announcement publicity, and the possible use of his medium for one or two localized display advertisements to his readers just before the actual opening of the new branch.



SOUTH-SPENCER OFFICE EDITION

YOU'LL LIKE TO BANK AT THE Commerce Guardian

THE SOUTH SIDE NEWS

The BANK that PAYS 4% SAVINGS From Day of Deposit

Published by The Commerce Guardian Trust and Savings Bank

Vol. 1 — Toledo, Ohio, Tuesday April 21, 1925 — No. 1

**Work Started On New Bank Home**

**COMMERCE GUARDIAN'S HISTORY CLOSELY LINKED WITH GROWTH OF TOLEDO**

STARTED IN 70's AS PRIVATE BANK, THE KEELER-HOLCOMB CO.

Now One of City's Largest Banks, With Resources Over Twenty-Five Million Dollars.

To recount the early history of the institution which is now known as The Commerce Guardian Trust & Savings Bank is to delve deeply into names and personalities closely linked with the growth and development of Toledo and Lucas County.

Beginning back in "the 70's" with the organization of the Keeler-Holcomb Company, a private bank which conducted its business in the old Wheeler Opera House, at the corner of Monroe and St. Clair, the story is one of steady growth and aggressive methods. Old residents of Toledo will readily recall the names of Solomon Keeler, Horace H. Holcomb and "Dide" Norton, the three most active figures in the private bank.

In the fall of 1890 the bank changed from a private bank to a national bank, and was chartered under the name of the Holcomb National Bank, with banking quarters at Jefferson and St. Clair. In May, 1893, R. B. Crane, now Chairman of the Board of The Commerce Guardian Trust & Savings Bank, joined the Holcomb National Bank in the capacity of teller. In 1895 Mr. Holcomb died and was succeeded by O. A. Bostwick as president.

It was shortly after this that the bank felt the trend of the city's development away from its location and, largely through the efforts of Mr. Crane, moved into new banking quarters at the corner of Summit and Madison, where the Waldorf Hotel now stands. In 1905 the Holcomb National Bank changed its name to the National Bank of Toledo

Continued on Page Three

*Artist's drawing of the new South-Spencer office of The Commerce Guardian Trust & Savings Bank, now under construction at the northeast corner of South and Spencer Streets. Construction work is being handled by the contracting firm of A. Bentley & Sons Co. The building, when completed, will cost between $40,000 and $70,000, and will be of stone construction of marked architectural beauty and dignity.*

**SOUTH-SPENCER BRIEFS**

Mr. and Mrs. A. G. Murray, 1737 South Street, have a new baby daughter born Monday, March 12th.

The Toledo Pottery Company, on South Avenue, is working hard to complete orders for flower pots received from thruout this section of Ohio.

Mr. Frank Terry has moved his wood working factory to a location opposite his old place on South Street and the Nickel Plate R. R.

Mr. Jas. Campbell has purchased the former home of Mr. W. A. Huepenbecker on Lodge Avenue.

G. F. Emch, South-Spencer Street druggist is an authority on the number of births in that district. He ought to because each new born babe is presented with a baby hot water bottle with the compliments of Mr. Emch.

Roy England has opened a first class barber shop at 506 Spencer Street, just around the corner from Emch's pharmacy. Mr. England, it is claimed, is a first-rate tonsorial artist.

Frank Baird, of Baird Bros. Dairy, reports a favorable outlook for his line of business for the coming summer months.

The House League of the Milo Bowling Alleys will roll their last league games during the week of May 11th.

The Wolfe-Motor Sales Company has opened a used car market on South Street between the M. C. R. R. and Spencer Street.

Baird and Barnett are the names of the men who are conducting the battery business at Spencer and South Ave. Bowser Brothers were the former proprietors.

Mrs. May Huepenbecker recently opened the May Beauty Shoppe located at 1179 South Avenue. It is one of the most modern shops of its kind in the South Side and is a credit to the South-Spencer district.

Oscar Berry, for many years the proprietor of a battery station on Spencer Street is retiring out. Not physically, dear reader. He is about to move into new and enlarged quarters at South Avenue

**CONFIDENCE IN SOUTH SIDE'S FUTURE REFLECTED IN BANK'S NEW BRANCH**

Cost to be About $70,000

Ready July 1st.

The first step toward what, in a few weeks, will be the new South-Spencer office of The Commerce Guardian Trust & Savings Bank, was taken several days ago with the removal of the old frame buildings from the South and Spencer site—conceded to be one of the "key" business locations in the South Side district.

Immediately following the above task, excavation was started for the basement and foundation of the stone bank and business building which will rapidly take form and shape within the next few weeks.

The building will be of gray stone construction, one story in height, fronting forty feet on South Street and seventy feet on Spencer Street. The bank will occupy commodious quarters on the corner, with tenants occupying adjoining store locations facing on South Street and Spencer Street, respectively. Leases on these two desirable locations have not as yet been made.

The decision of the Directors and Officers of The Commerce Guardian Trust & Savings Bank to build a branch bank in the heart of the South Side is construed by business interests as convincing evidence of the growth and future which lies ahead of this section of Toledo. Large institutions, such as banks, are known to give very careful analysis to any matter such as a new neighborhood banking location. Conservative by nature and tradition, the banker builds on facts rather than blind hope or optimism. That a study of the city's growth and prosperity has led to the selection of South and Spencer Streets as a branch bank location is, therefore, significant to those familiar with bankers' judgment and vision.

Continued on Page Three

But this particular young editor was not the easy-going kind quite common in the ranks of small newspaper publishers. He didn't give up as quickly. He had a service to sell as well as mere white space at so much per inch on contract.

WITHOUT making a move toward leaving, he sat silently for a minute, then said: "Why not use the news columns of my paper between now and the date of your opening, July 1, as a means of keeping South Side people informed about your bank in general and the new branch in particular? I'll be glad to use a column story or so each week, if you'll write it up conservatively, subject to my revisions."

At this suggestion, which I knew from experience would obligate us eventually for a considerable amount of unwanted display advertising space, I countered with the remark: "Why not publish our own little paper and say what we please at any length we please? Would you work with me in getting out such a special edition of your paper, and if so, what would the cost be?"

At this, his eyes fairly snapped. Like all small publishers, he runs a job printing shop, and faces a real problem in keeping it busy between weekly editions of his paper. "I'll quote you a price so low," he said, "that you'll wonder what you've been getting for your money on the fancy direct-mail printing jobs you've been accustomed to get from the big printing firms of the city."

Further discussion worked out a concrete plan of procedure. Subject to reasonable price, we agreed to work together in preparing a little tabloid edition of his own paper, to be called, "*South-Spencer Office Edition, The South Side News*"—the latter name being the title of his own paper, established fifteen years ago and published regularly ever since. The line, "Published for the Commerce Guardian Trust & Savings Bank" was to appear directly below the title line. Four thousand copies, we decided, would be sufficient to cover the entire community to be served by the new branch. I agreed to supply the feature articles on the bank, while he agreed to write up the "locals" and "business briefs" which would make the little paper "listen" like a real newspaper and not a dyed-in-the-wool advertisement for the bank.

Within a day or two he returned with an estimate (which was promptly accepted because of its reasonableness), and also a working "dummy" of the little four-page paper, 11"x15" in size, with four standard-width newspaper columns, set off by column guide lines.

With but slight effort on my part, and even less on his, we soon had copy written and set on a very "live," newsy and attractive little sheet, indeed. A cut of the new branch

enlivened the front page and its feature story, while service cuts and a discreet use of bank display ads touching on our various services, broke the monotony of the inside pages. The back page contained a unique feature quite subtle in its hoped-for effect: a "Business Guide," alphabetically arranged, of the leading merchants and small business firms of the community.

THE 4,000 newspapers were distributed by a crew of professional house-to-house distributors, all women, and marked copies were mailed with a brief, friendly letter to all stores, merchants or individuals whose names appeared in type therein. Although this edition is only the first of several issues which we expect to prepare and release between now and the branch's opening, we have already had sufficient comment and written response to lead us to believe that South Side people now know more about our bank than ever before—and have a warm, friendly interest in the new, gray-stone branch which is now being completed in the heart of their own little neighborhood business district.

At any rate, there will be no tiresome, expensive—and inaccurate—mailing lists prepared for a direct-mail campaign of "pretty folders" on this particular new branch. Neither will there be any expensive daily newspaper advertising run, telling 300,000 people about something that only 15,000 or 20,000 folks are interested in. The little tabloid newspaper can, and will, carry the whole publicity load and, I believe, do it more effectively and less expensively than any method ever used by any other bank in Toledo on a branch bank campaign.

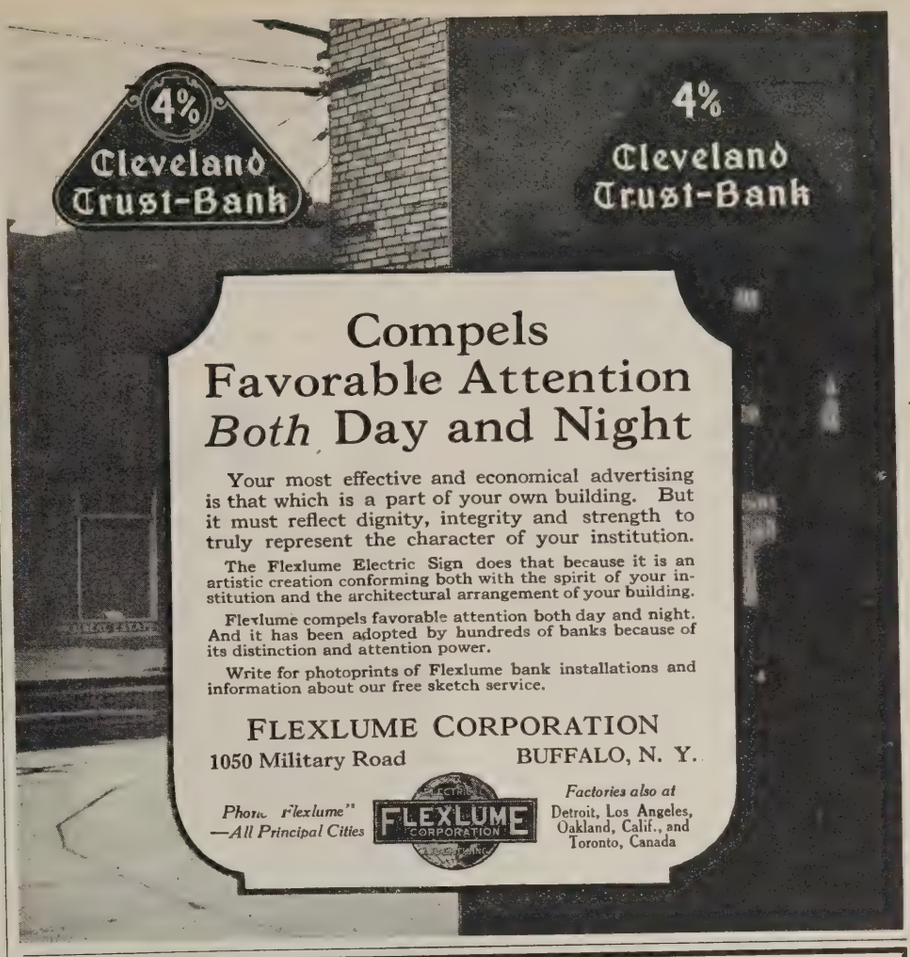
## Kansas City Ready for the A. I. B.

(Continued from page 9)

will be followed by a gathering at Fairyland Park. Dinner will be served and there will be an entertainment program afterwards.

Thursday morning will be given over to various conferences including Chapter Presidents' Conference, Chapter Publicity Conference, Public Education Conference, Public Speaking and Debate Conference, Women's Conference. On Thursday evening the chapter caucuses will occupy the attention of the delegates and the various candidates for office will appear before the different chapter organizations. Friday afternoon the closing convention session and election of officers will be held.

The farewell ball at the Hotel Muehlebach on Friday evening will close the convention.


Compels Favorable Attention *Both* Day and Night

Your most effective and economical advertising is that which is a part of your own building. But it must reflect dignity, integrity and strength to truly represent the character of your institution.

The Flexlume Electric Sign does that because it is an artistic creation conforming both with the spirit of your institution and the architectural arrangement of your building.

Flexlume compels favorable attention both day and night. And it has been adopted by hundreds of banks because of its distinction and attention power.

Write for photoprints of Flexlume bank installations and information about our free sketch service.

FLEXLUME CORPORATION
1050 Military Road BUFFALO, N. Y.

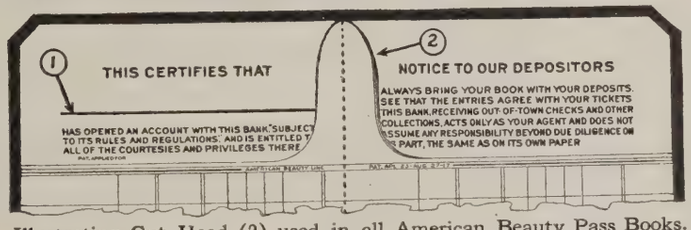
*Phone "Flexlume" —All Principal Cities*

FLEXLUME CORPORATION

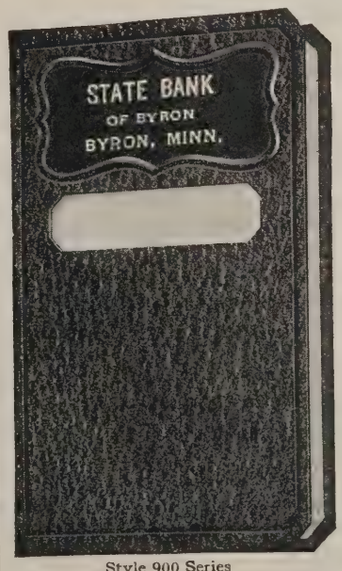
*Factories also at* Detroit, Los Angeles, Oakland, Calif., and Toronto, Canada

A Time Saver for Your Tellers and Bookkeepers

*Prevents errors and entry to wrong Pass Book*




Illustrating Cut Head (2) used in all American Beauty Pass Books. Depositor's name (1) always visible regardless of where book is opened. Books so cut are not weakened but remain as strongly bound as regular books. An exclusive feature in the American Beauty Line and protected by patents.




Style 900 Series

PASS BOOKS

For Every Purpose

*Commercial, Savings, Building and Loan.*

Six sizes; seven styles of binding; including **Genuine Leather.**

*Sold thru dealers—if your stationer does not handle write us for sample and names of stationers who do.*

The American Beauty Line
DALLAS, TEXAS

## A Banker, Bond and Man

(Continued from page 20)

impetus to strive. Few are born running. As for the Meads, it is hard to say, but by heights of toil and sacrifice that at times appalled them, they met ten of the monthly payments on time, and in the same period paid for the bond lacking fifty dollars. Herb discharged the delivery boy and while making his own deliveries, solicited trade; at night, he toiled over a set of books for Roger Quinn, keeping the accounts of a large farm. Long before day they were at their tasks; long after nightfall, they were busy.

One day, Evans, one-time salesman for the jobbing house, breezed in.

"Why, Herb, is that you?" he exclaimed. "You don't look like the same fellow. Some thinner—but all dolled up. You look slick, Herb!"

"Found it pays to keep spruced up."

"Looks like it, the way this store shines," said Evans. "You seem to like it, too, Herb—wonder if you like it as well as you do tobacco!" and the salesman laughed, loudly.

"Better," and the merchant grinned. "Fact is, Evans, I've quit tobacco—some job, too, after the way I used it! Come on, now, let's get busy on that order, I've got to get over to the bank on some business."

When Evans left he carried a neat order and a whirling brain, pausing on the sidewalk to watch the grocer and his wife cross the street and enter the bank, where we will follow them.

"Here's the last fifty dollars on that bond, Mr. Quinn," said Herb, pushing the money across to the banker. Mr. Quinn arose, took the money and went out to the banking room. It seemed to his visitors that he was gone a long time. When he returned, he carried a slip of paper which he handed to Mead. Herb, assuming it to be a receipt, started to slip it into his pocket. "Just read that, Herb," requested Mr. Quinn, quietly.



She made a swift motion at the damper, but the bond was sucked out of sight up the roaring furnace of the chimney

"Why, this seems to be a deposit slip, Mr. Quinn. Five hundred and six dollars and six cents. I haven't made any such deposit."

"Oh, yes, you have," replied the banker, smiling in delight at the mystified look on the faces of his visitors. "You made it a little at a time. I played a low-down trick on you, Mrs. Mead, and you, too, Herb. Hope you won't be mad at me. Now you've been paying me for a five hundred dollar bond that I loaned to Mrs. Mead and which you said you'd decided to pay for, and I've kept careful track of all your payments. You know of our little deceit, Herb, for Mrs. Mead said she told you, but I deceived her, too, Herb! That bond wasn't worth a dime! It is an old issue, long since retired, worthless then and worthless now, but you see, I wanted to help you out and had no other way of doing it. And it worked, by gum, it worked, didn't it, Mrs. Mead? Now this makes us all square; you've paid in five hundred dollars and now have that much and the interest to your credit in a special account. By the way, you needn't bother to hand back the bond—just throw it in the kitchen stove!"

It was Roger Quinn's time to be mystified then, as his guests laughed until the tears ran down their faces at his sally about throwing the bond in the kitchen stove—until they told him what had really happened to that one-time precious document.

# The Mechanical Collection of Savings

*By* O. R. JOHNSON

EINSTEIN said it. Whether a thing is coming or going depends upon the position of the observer. The writer must admit that from his point of view mechanical banking, facilitating the collection of savings, seems to be coming, and coming strong. But Einstein proved the danger of believing our eyes when he showed how it was possible for two people to look at the same thing and each see something different.

According to Einstein, the best way to overcome the limitations of one's position is to measure the speed and position of a moving object, not with reference to its changing appearance to one's self, but rather to some (relatively!) fixed object a considerable distance away.

Taking the historical perspective then, in order to help overcome our limitations as contemporary observers, the use of mechanical devices is seen simply as a logical development of banking practice, revolutionary in the startling sense only to those whose eyes have been so fixed upon the day and its duties as to miss entirely the significance of historical lines of banking development and growth. Historically, it is clearly just another step in the evolution of banking from a service for which the customer paid to one in which keen competition now exists for new ways in which to render service to the customer.

For that is exactly what the evolution of banking shows. Back in the dark days when men were bold and bad as bob-haired bandits, it was the canny habit of plutocrats to leave in some strongbox the gold wristlets and jewels they had acquired in the pursuit of their business—or their victims. For this service there was a charge. But later practice shows the development of something less like a safe deposit business and more like a bank. The depositor received a receipt, or a bank note, from the guardian of the strongbox, which note was negotiable and subject to a discount for the deposit service rendered when presented at the "bank."

Gradually there developed the modern conception of a bank whose chief functions are to provide a safe and convenient depository, and a centralization and concentration of credits. As this latter function became more important it became profitable, so that banks quickly came into the practice of paying for the use of money, completely reversing their earlier position.

In their role as depositories for money, banks have found that their business was naturally limited to that territory where they had representation. That is, people ordinarily have to bank in a neighborhood bank, and, everything else being equal, they will select that bank, or that office, most

convenient for them. Aggressive banks with an urge to growth, having developed their original territory, have yearned to cultivate neglected opportunities in their brother's vineyard. Or the cultivation of their own territory has created contacts elsewhere which they wish to develop. And one of the directions the new competitive movement has taken, therefore, has been the establishing of branch offices, each one enlarging by just so much the original territory of the bank. The movement, at first confined to commercial banks, is clearly in evidence today among savings banks as well, and is an entirely logical step in their growth.

Accompanying this change, another is also apparent. Instead of being mere *depositories* for money, and all that this implies in the way of passivity, many banks are today assuming an active role as *collectors* of money.

The importance of this change must not be underestimated. From a business and sales point of view it makes all the difference between a dusty corner grocery, slowly attending to such customers as drop in, and the National Biscuit Company, with its thousands of active agents and representatives forever seeking new sales worlds to conquer. It means all the difference between taking what comes to you, and going out and getting what you want.

In the business of savings banking, it means the cashing in of a tremendous good will that has long been neglected, for practically everyone is "sold" on the value of saving, and all that has been needed to consummate sales has been genuine sales effort.

THIS sales effort has been very evident in the two fields of industrial and school savings, and, comparatively recently, attempts have also been made to sell savings to individuals through the use of salesmen, or solicitors, who make house-to-house calls, and canvass employees in industrial establishments. All of these efforts are clearly attempts to sell savings accounts in concrete form as opposed to the older method of selling merely the idea of thrift.

Because of the advantages of group selling, the most persistent efforts have been made to solve entirely satisfactorily the problem of industrial and school saving, and it is in these two directions principally that banks are exerting themselves in their efforts to get new savings business. Both employers and school authorities are willing to co-operate, but as yet have not been in entire agreement with the bank as to the methods to be used. Additional complications are also introduced by the school child and the employee, whose indorsement and co-operation are essential to the successful operation of any plan.

What is needed is very easily stated, but not so easily obtained—practicable plans, acceptable to employers, school authorities and banks, which will secure and retain the savings accounts of a large majority of wage earners and of school children.

The most difficult part of this task has been the designing of a plan that will really elicit the support of the wage earners. Both the employer and the banker would go a long way to put into operation any plan that would receive the unanimous support of the people served. But experience has shown that only a minority of employees have supported any savings plan, and the banker and the employer, therefore, have not been so keen about going to great trouble and expense to install a plan which only relatively few employees will use.

EXPERIENCE with industrial workers shows that they warmly resent any coddling or interference by their employer, or, for that matter, by anyone else. Experience shows further that they are skeptical as to the motives of those trying to "improve" them. Finally, their most deeply ingrained attitude seems to be one of almost complete indifference to personal thrift.

While the larger corporations are notable exceptions, it cannot be said truly that the average employer will make any great effort to promote thrift among his employees. Therefore, when he has been approached by his bank with the ordinary industrial savings plan, he very often refuses. The grounds for his refusal have been understandable, since the bank has naturally proposed a plan in which its own problems have been solved, and which required the employer to collect and account for the deposits made.

While these experiments were being made in industry, a somewhat parallel development was taking place in the schools. Here, straight manual systems were first used, systems in which either the teacher or the older pupils, or both, collected and recorded the deposits from the children.

Today this system, while still widely in use, is becoming more and more impracticable. So little time is permitted for school banking that only a small proportion of the children have an opportunity to deposit. In addition, school authorities sometimes object to the work and responsibility they must assume to conduct this type of plan. This is particularly true in the larger cities, where schools are invariably crowded, and where curriculum time is at a premium. Today the chief requirements of any successful school banking plan is speed.

While the special problems of the banker, the employer, and the school

(Continued on page 48)

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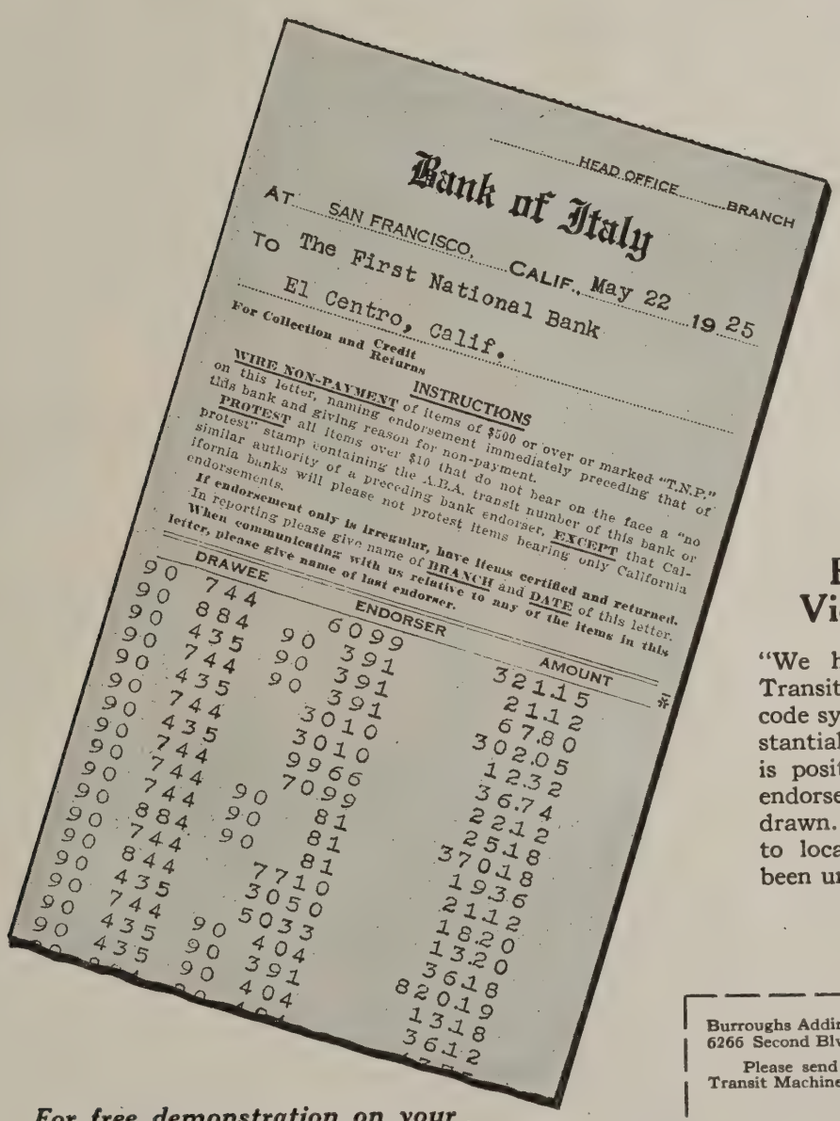



## Burroughs Duplex Transit Machine

Because this machine is equipped with two sets of adding dials, it also saves extra runs in the teller's cage, in the mailing, proof and collection departments, or on any work that requires cumulative totals.

# Burroughs

## Saves Time on Transit Work for Bank of Italy



HEAD OFFICE ..... BRANCH

**Bank of Italy**

AT SAN FRANCISCO, CALIF., May 22 1925

To The First National Bank
El Centro, Calif.

For Collection and Credit
Returns

**INSTRUCTIONS**

WIRE NON-PAYMENT of items of $500 or over or marked "T.N.P." on this letter, naming endorsement immediately preceding that of this bank and giving reason for non-payment.

PROTEST all items over $10 that do not bear on the face a "no protest" stamp containing the A.B.A. transit number of this bank or similar authority of a preceding bank endorser, EXCEPT that California banks will please not protest items bearing only California endorsements.

**If endorsement only is irregular, have items certified and returned.**

In reporting please give name of BRANCH and DATE of this letter.

**When communicating with us relative to any of the items in this letter, please give name of last endorser.**

| DRAWEE | ENDORSER | AMOUNT |
|---|---|---|
| 90 744 | 6099 | 32115 |
| 90 884 | 90 391 | 2112 |
| 90 435 | 90 391 | 6780 |
| 90 744 | 90 391 | 30205 |
| 90 435 | 3010 | 1232 |
| 90 744 | 3010 | 3674 |
| 90 435 | 9966 | 2212 |
| 90 744 | 7099 | 2518 |
| 90 744 | 90 81 | 37018 |
| 90 884 | 90 81 | 1936 |
| 90 744 | 81 | 2112 |
| 90 844 | 7710 | 1820 |
| 90 435 | 3050 | 1320 |
| 90 744 | 5033 | 3618 |
| 90 435 | 90 404 | 82019 |
| 90 435 | 90 391 | 1318 |
| | 404 | 3612 |

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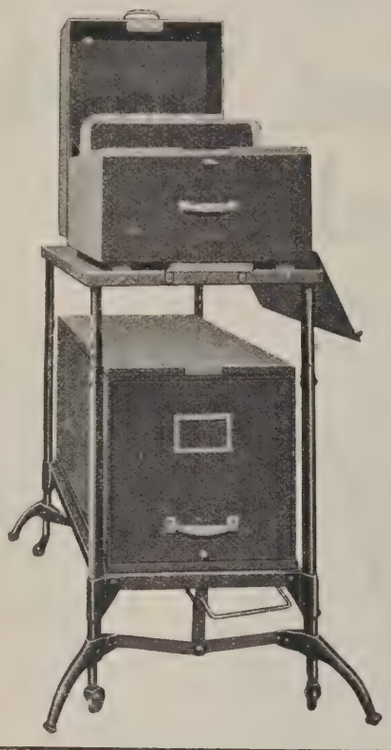
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—WITH—

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*The Barnard "Security" Combination consisting of the following units:*

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The Cabinet and Transfer Case each have a capacity of 1,500 accounts.

Cabinet locks automatically when bookkeeper is not at work on accounts.

*Let us tell you the story of "Security"*

**GEO. D. BARNARD STATIONERY CO.**
ST. LOUIS

(Continued from page 45)

principal complicate the question somewhat, the fundamental and guiding principle in all of these attempts has been a desire to make saving easy by relieving the depositor of the burden of effort and initiative. This necessarily means *collecting* the deposits from the depositor at his convenience.

Now, since the main obstacles to bringing this about have been the work of receiving and accounting for the deposits, the responsibility for their safety until deposited at the bank, and finally, the expense of doing all this personally, or by hand, the pioneers in this work turned their attention to mechanical means of solution.

The first idea developed was that of a machine for vending the stamps or coupons that had already been introduced as labor-saving devices—an entirely natural development in banking practice, resulting from the efforts of banks to escape from the limitations of a banking building, and to collect economically deposits from groups of wage earners and of school children.

THE first stamp vending machines were a step in the right direction, but they failed to meet the demands of the situation in all respects because of their lack of flexibility, and because they did not identify the deposits or the depositor, with the result that loss of stamps was equivalent to loss of money. This particular difficulty was overcome later by the use of duplicate stamps, one of which the bank received, and which, therefore, served to identify the deposit and the depositor. Other types of machines vend nothing at all, but simply print automatically in a passbook a receipt for the money deposited.

This extension of banking makes possible the enlargement of every bank's territory together with its intensive cultivation with a thoroughness economically impossible by older methods. It permits a rapid flow of banking service into new channels regardless of their number or direction, and it makes the bank almost entirely independent of the location of its banking office.

It provides banking services at all hours of the day, without the excessive overhead otherwise created by 24-hour service. By accepting deposits in many places it saves the valuable space that would otherwise be necessary to handle the same amount of business in a public banking lobby.

Likewise, it permits a bank to "go where money is" and makes the collection of deposits everywhere entirely feasible, for it reduces the cost of "branch" offices to a point where literally hundreds can profitably be placed in operation.

In its application to particular problems, such as industrial and school savings, it is rapid, private, convenient safe, and economical. It relieves individuals of personal responsibility, and makes continuous banking service possible.

In considering the thrift problem and its solution, the fact is often overlooked that saving is a comparatively modern practice. We are so used to the idea that we seldom realize, though we hear it often, that our modern civilization is founded upon thrift. The fact is that thrift is primarily a social rather than an individual problem, and our social organization today insistently demands continually greater thrift upon the part of individuals in order to fulfill its own destiny, and it will use whatever effective methods are available, regardless of precedent and tradition.

The thrift movement is permeating and affecting every phase of our social-industrial development, a movement well described recently as "an economic revolution." Since 1918, public utilities and corporate enterprises have taken on no less than 3,500,000 new stockholders, of whom 500,000 were employees. A recent sale of stock in one of the country's foremost railroads recently secured as subscribers one-quarter of the entire personnel. The Bell telephone system has increased its popular ownership from 50,000 stockholders in 1912 to 345,500 in 1924.

Part of this change is going to be effected through the medium of bank savings, and any principle that tends to increase savings and promote thrift is inevitably destined to continued use and increased popularity.

## "We Have Funds to Pay A's Check"

A had given B a check on the C bank for $200.

"Is A's check for $200 good?" B wired to the C bank.

"We have funds to pay A's check for $200," the bank wired back.

B took the check and the telegram to the D bank, which wanted to make doubly sure before cashing the check.

"Confirm your wire to B that you will honor A's check $200," the D bank wired to the C bank.

"This confirms our telegram to B that we have funds to pay A's check for $200," the C bank replied, refused to honor the check when presented, the D bank sued, and the Louisiana Supreme Court decided that it had no case against the C bank.

"The telegram seemed to have been carefully worded for guarding against acceptance or promise to pay," said the court.

The full report of the case will be found in 91 Southern Reporter, 405.

—*M. L. Hayward.*



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# The Burroughs Clearing House

AUGUST ✣ 1925 54,534 COPIES



THE DEXTER HORTON NATIONAL BANK, SEATTLE

IN THIS ISSUE

THE RIDDLE OF LONG TIME PRICE TREND
CENTRAL CONTROL FOR ECONOMY; RUBBER

*for Economical Transportation*

CHEVROLET

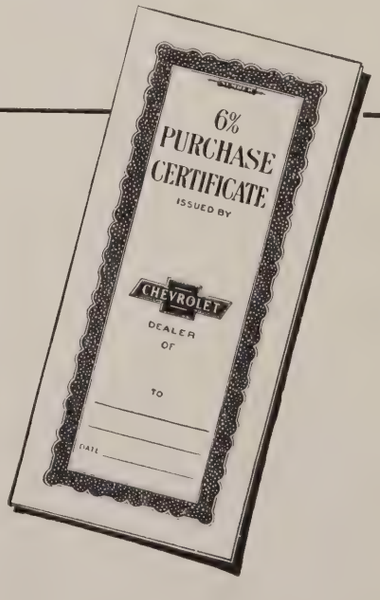
# $6,000,000 worth of Chevrolet cars bought on the 6% Purchase Plan

Paying down as little as $5 and saving the balance in small weekly or monthly amounts which earn 6% interest has made it easy and profitable for thousands of people to own Chevrolet cars.

The funds collected for this purpose by more than 2100 Chevrolet dealers, amounting to several hundred thousand dollars, are carried in trust accounts in their own banks located in the communities in which the purchasers reside. This increases the money on deposit in these communities and leaves it available for local projects.

Thus the Chevrolet 6% Purchase Certificate Plan benefits the buyer, the dealer, the banker and the whole community.

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DIVISION OF GENERAL MOTORS CORPORATION




*The Chevrolet 6% Purchase Certificate makes it possible for thousands to obtain the advantages of an automobile*

## *The Editor's Indorsement*

IN HIS article on the long-time price trend in this issue, Willford I. King, of the National Bureau of Economic Research, tells us that no one can safely predict the long-run tendency of prices without predicting also the gold supply, the future discovery of new gold mines, the future cost of gold production and the extent to which Europe will use gold for pocket money over the counter.

"What, then," we queried Mr. King ingenuously, "what, then is to become of the argument of some of our foreign trade authorities who assert very emphatically that European competition will force lower prices by forcing us to devise new methods of lowering the cost of manufacture?"

By return mail comes the answer: "The chief stumbling block to understanding the principles of foreign trade is that most people are inclined to indorse the cost of production theory of value, without examining it carefully enough. As a matter of fact, wage rates, in the long run, are dependent upon the prices for which the products sell, and not the reverse. European wages are low, as compared with American, because the European laborers must work with a poorer supply of natural resources, and in some instances, of course, also because they are not so well educated as American laborers.

"It seems to me indubitably true that our entrepreneurs are striving continuously to cut production costs, and that they will strive neither more nor less because of European competition. Personally I see no reason to believe that European competition is likely to become more intense in the near future than it has been in the last two or three centuries.

"If, however, we grant that all nations will learn to turn out more products with less labor in other fields except gold production, then it will follow that goods will become cheaper in terms of gold or gold will become dearer in terms of other goods, whichever way one prefers to put it. This would mean, of course, a fall in the price level.

"The statement just made applies to a case in which there is general improvement in the process of production all down to the line except in gold mining. If, however, the improvement in production were confined to one or two fields, as, for example, textile manufacturing, the effect on the price level might be very slight, even though the reduction in the prices of textiles might be very large.

"An improvement in a limited field, by reducing the price of the goods of that type, releases purchasing power from the incomes of the people which they will use to buy other commodities. This added call for other commodities tends to increase the prices of these articles. Eventually, labor is drawn by an indirect route from the textile field to other fields until a balance is struck, the same grade of labor tending to receive equal pay in the different fields."


# The Burroughs Clearing House

HERBERT SHRYER
*Editor*

C. D. MACGREGOR
*Business Manager*

AUGUST, 1925
VOL. 9 NO. 11


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C. D. MACGREGOR
*Central States Representative*
Second Blvd. and Burroughs Ave., Detroit, Mich.

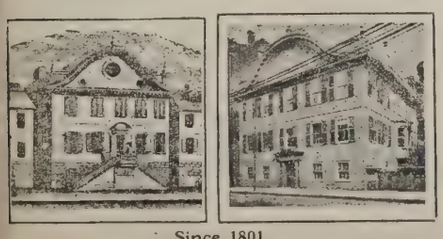
J. R. HAYES
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SYDNEY P. COOK
*Mid-Western Representative*
434 South Wabash Ave., Chicago, Ill.


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ARE there any more claimants to the honor of occupying the oldest bank building?

In a recent issue we printed a picture of a building in Albany, N. Y., "said to be the oldest building in the United States that has housed a bank continuously—home of the New York State National Bank, erected in 1803."



Since 1801

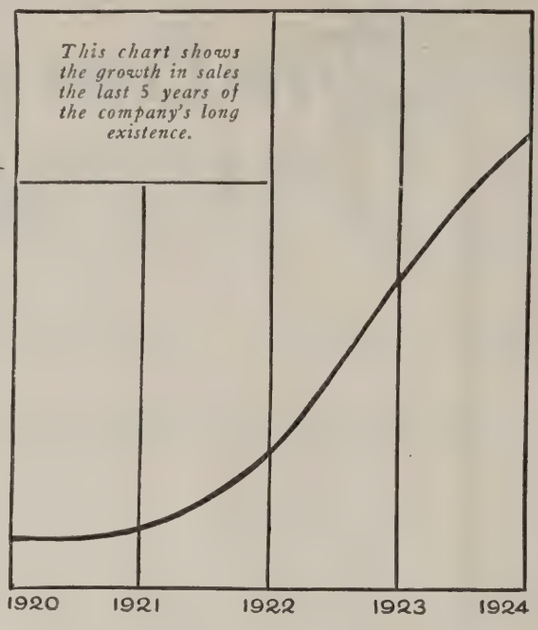
The claim is disputed by the Providence National Bank, of Providence, R. I., which submits a history antedating the Albany institution and pictures of its building which it has occupied since 1801. They are reproduced herewith, the one on the left showing the entrance as it looked in the earlier years, and, on the right, as it looks today. It began business in 1791.

Recently, under similar circumstances, we inadvertently precipitated a friendly argument between two other banks, both asserting they were first to begin business under the National Bank Act—that they were the first national bank.

The crying need of this editing business is affidavits.

THE recent rapid rise of the price of crude rubber and the serious shortage forecast by the experts within the next five or six years, places rubber very much center stage. In this issue, Frank Plachy, Jr., presents a timely review of England's monopoly of the market and her commonsense attitude toward criticism from America of the restrictions she has been obliged to place on the supply for preservation of her tremendous plantation interests throughout the world. The lesson to America, as the author points out, is development of our own supply of crude rubber to make us independent of foreign monopoly. The United States Rubber Company, according to a recent statement, has already made rapid strides in Sumatra and Malaya.

THE new home of the Dexter Horton National Bank, Seattle (see cover), was designed by John W. Graham. W. S




# How this Miller "life-line" guides the experienced investor

WHILE talking to a group of business men recently, a well-known banker said: "We know that first mortgage real estate bonds have a fine record of safety. They offer a liberal interest rate. But before buying, the experienced investor investigates the issuing house.

"He learns as much as possible about the record of sales. He studies the growth in capital and surplus. If the trend of sales is steadily upward, he knows that the bondholders are satisfied. If increase in capital and surplus keeps step with the increase in sales, he knows that the house is under capable and conservative management.
. . . Only after he has satisfied himself on these phases does he invest his money."

A glance at the chart above reveals this important fact about the house of G. L. Miller & Company. It shows that during the last five years of the company's long existence the sales of Miller Bonds have mounted steadily—on the average of 100 per cent each year.

And during this period capital and surplus have enjoyed the same healthy growth—an average increase of approximately 100 per cent each year.

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LOST A DOLLAR IN

# MILLER *FIRST MORTGAGE* BONDS

Vol. 9, No. 11 — The Burroughs Clearing House — August, 1925

# The Riddle of Long Time Prices

## To Prophesy Trend, We Must Also Prophesy Gold Production Costs, New Gold Discoveries and How Europe Will Use Gold

*By* WILLFORD I. KING
National Bureau of Economic Research

*Photos by Ewing Galloway*

EVER since the days of Aristotle, and probably for an even longer period, the relation of the supply of money to the price level has been a moot question. Economists and publicists have wrangled vigorously over such problems as whether the volume of money determines the altitude of prices, or whether instead rising prices call for more credit and thus indirectly lead to enlargement in the supply of money. To many such questions, it is impossible even yet to give a positive answer. Fortunately, however, a considerable number of the relationships between money, credit, and prices have been so thoroughly worked out that practically all students of the subject are now agreed as to the facts. These accepted conclusions cover a scope sufficiently broad to enable one to understand many of the most important forces determining the trend of prices, without venturing at all upon disputed territory.

If we are interested in the analysis of these forces, the first question that it will be necessary for us to consider is this: In a world in which all countries are on a gold standard, what determines how large a pile of commodities in general a pound of gold will buy? There can be no doubt about the fact that in society, as at present organized, necessity forces everyone to join in the quest for money or its equivalent, for, in civilized lands, money furnishes the only convenient means of satisfying one's wants. In countries in which the gold standard prevails, money can be readily exchanged at almost any bank for gold. Hence, in such countries, money may be considered synonymous with gold. To get money is equivalent to getting gold.



Mushing over the snows of the Yukon Valley in 1898. A few found riches, the majority returned empty handed and many never lived to tell the tale

Under such circumstances, there are two ways to obtain gold. First, to mine it from the ground, and second, to produce other commodities and trade these commodities for gold. By the latter method, we are indirectly exchanging commodities with the gold miner for his products. In so far as free competition prevails and a man has the privilege of engaging in the enterprise that he deems most profitable, labor and capital both tend to pursue the course of least resistance. Whenever it is found that gold can be obtained most easily by mining it, more men will be drawn to gold mining. When, on the other hand, it is discovered that the easiest way to get money (or, in other words, gold) is by producing commodities and exchanging them for gold that has already been mined, then men will tend to quit the gold mines and begin producing other things. Whenever it is possible for labor and capital to flow freely from gold mining to other industries, or vice versa, it follows that the basic force determining the relationship between the value of gold and the value of other commodities, must be the relative cost of producing gold, as compared to the production cost of the other articles. The long-run tendency, then, is for the cost of producing an ounce of gold exactly to equal the cost of producing the quantity of goods that can be bought with an ounce of gold.

THE discovery of new methods of producing food and clothing cheaply will tend to make gold relatively more valuable in comparison to these articles. This, in turn, will lower the cost of living for miners, and will make it easier for the operators of gold mines to hire men to dig gold. The numbers engaged in gold mining will therefore increase and more gold will be mined. As the supply increases, the value of gold, as measured in terms of other commodities, will decline and the price level of goods will rise, until the circle is completed and an equilibrium is again reached.

If new machines or methods are invented which make it



Gold and silver out of the mountains near Ouray, Colo.



The modern dredge that recovers

easier to extract gold from the mines—as, for example, the great dredges that have been used so extensively in California, or the cyanide process which has made it possible to work ore of a grade so low that it was formerly worthless—then the cost of producing gold will fall, the number of persons in the gold mines will increase, gold will become more abundant, and the price level will rise, until the cost of mining an ounce of gold equals the cost of producing the goods for which it can be exchanged.

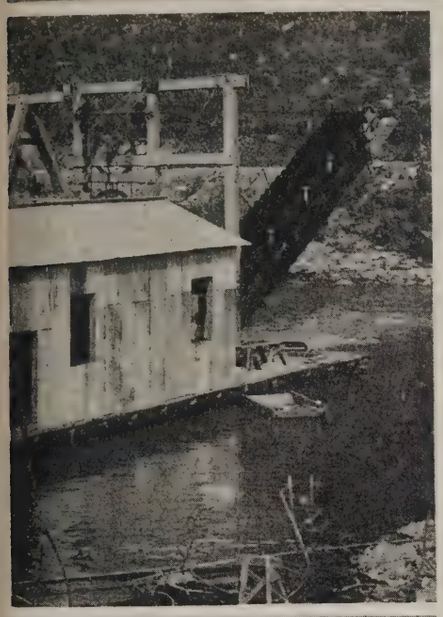
Fluctuations in the price level are, then, frequently reflections of advances in industrial technique. Under some circumstances, however, they have apparently been the results of fortuitous circumstances. For example, in the early part of the last century, there was a considerable period in which the production of gold did not keep pace with the growth of industry, and the value of gold was steadily increasing. In the late 40's, however, gold was discovered in the Sacramento River, and the great rush of miners to California ensued. Not long afterward, great deposits of gold were found in Australia.

Prices remained relatively high for some time, but, as years passed, the easily worked placer mines were exhausted, and, as a result, the world's supply of gold failed to increase as fast as the growth of industry. At about this time, many nations decided to abandon bi-metallism, or in other words, the use of both gold and silver as standards of value, and to base their currencies upon gold alone. As nation after nation went upon a gold standard, more and more gold was required for use as treasury reserves. The increasing difficulty of mining the yellow metal, coupled with the rising demand for it for monetary uses, enhanced the value of gold, or in other words, caused the price level to decline. This decline continued rather steadily from 1873 until 1897. Falling prices made it harder for debtors to meet their obligations. Hence, it is not at all surprising that there was a pronounced demand that the condition be remedied. The result in the United States was the memorable free-silver campaign of 1896.




Main Street, Dawson, during the gold rush

WHILE the free-silver forces were defeated in this campaign, victory was soon destined to perch upon the banners of the advocates of cheaper money. The allies who inadvertently came to the assistance of the debtors were the hardy frontiersmen who had pushed their way into the valley of the Yukon and their brothers on the opposite side of the world who had extended the search for gold across the wild South African veldt. Even while the free-silver battle was raging, the stream of yellow metal was beginning to trickle in from the Klondike, and, scarcely was McKinley's administration well under way, before another stream of larger magnitude began flowing



gold from the bottom of streams



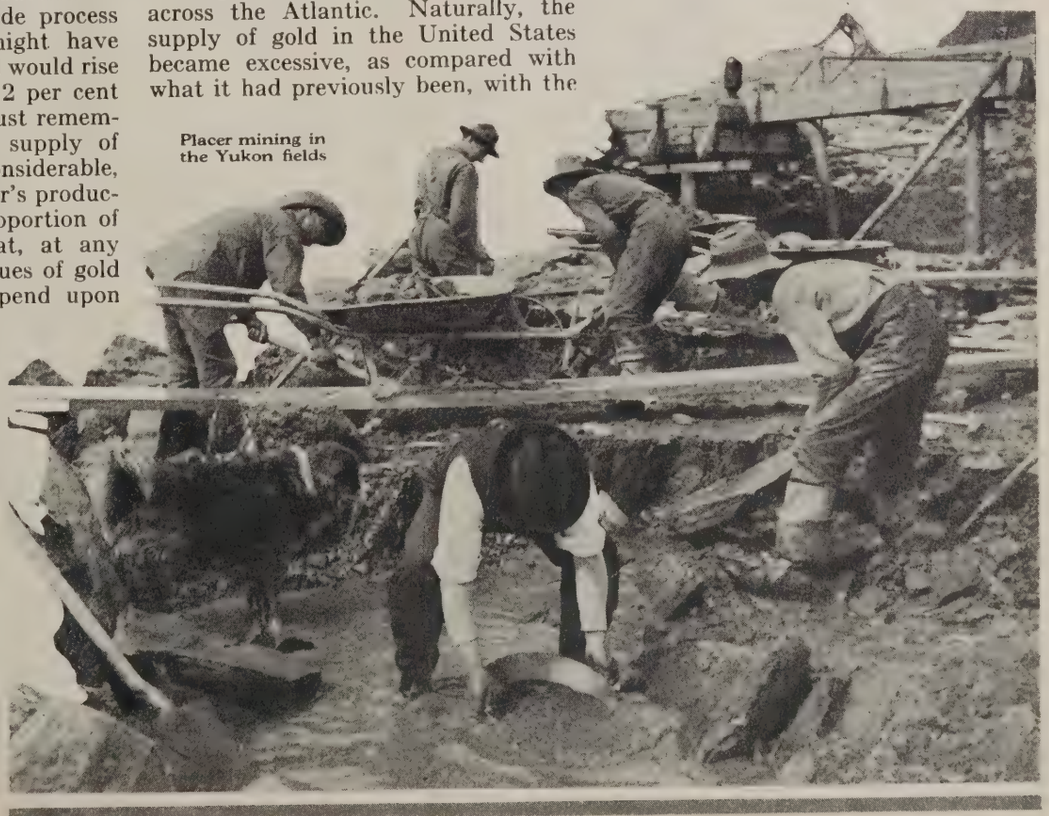
Hydraulic mining of gold near Grenada, Spain

from the Rand. The return of easy gold mining conditions caused this flow of new gold to increase rapidly, and, since the increase in supply was met by no parallel increase in demand, gold tended to become less valuable and the price level turned from its downward course and gradually began an upward climb, rising on the average of 2 per cent a year until the beginning of the World War. The production of gold in the Rand was so large and the impetus given to gold mining production in other regions by the cyanide process was so great, that one might have expected that the price level would rise at a steeper gradient than 2 per cent per year. However, one must remember that the accumulated supply of gold in the world is very considerable, that, therefore, any one year's production makes but a small proportion of this total supply, and that, at any given date, the relative values of gold and other commodities depend upon the relative supplies of each, rather than upon their respective productions at the moment.

THE coming of the war in 1914 brought a monetary revolution. Within a surprisingly short space of time, the combatant nations of Europe had demonetized gold and had substituted paper as a medium of exchange. In certain of the countries, the people were actually forbidden longer to use gold as money. In some, they were compelled to turn over such gold as they might possess to the government. Gold thus obtained was to some extent used for reserves of the central banks, but was largely expended for the purchase of munitions and supplies. Since the United States was the only neutral country manufacturing munitions on a large scale, a surprisingly large proportion of Europe's gold soon found its way to our shores to pay for such supplies. The war placed such financial burdens upon the people of Europe, that few of them, indeed, were left in a position to purchase gold ornaments and hence the gold that normally would have been used in Europe for making jewelry was likewise shipped across the Atlantic. Naturally, the supply of gold in the United States became excessive, as compared with what it had previously been, with the result that gold decreased in value — or in other words, the price-level rose. When, eventually, the United States went into the war, this decline in the value of gold was accentuated by the passage of a law reducing the reserve requirements of our banks. This law had the effect of releasing a considerable part of the gold supply formerly held to secure the credit obligations of banks. Under such circumstances, it is not surprising that the value of gold diminished so much that it became cheaper to buy it with commodities than to mine it. The poorer mines were forced to close down, because, with the rising price level, wages and

(Continued on page 30)

Placer mining in the Yukon fields



# If I Owned the Bank

*by* Percy Gomery

*Vancouver B.C.*




WHEN I was seven years old they asked me what I would do if I had $500. The answer of course should have been that I would buy a bond to accumulate for my college education. Instead I decided in favor of, "One hundred dollars' worth of marbles, one hundred dollars' worth of chewing gum and three hundred dollars' worth of chocolate creams." I had, I remember, an impulse for a new dress for mother but, on final consideration, told myself that mother's present dress seemed in fairly good shape.

Again, in my first boarding-house, we had a dinner table discussion as to the best use for a million dollars. The youth next to me insisted that he would pay off the mortgage on the Central Tabernacle and endow it. And thereby, he might have added, devitalize a highly energetic congregation which would forever afterwards stew and wallow in its pomp and power.

Recently a financial weekly in Canada had an article to bank employees, by a (presumable) bank manager. As proof of his authority to fix things he said: "The present method of irregular and unequal additions to salaries should be done away with and a fixed scale instituted providing for a minimum salary of four thousand a year at the end of fifteen years."

The best that can be said for the three of us is that, if we actually found ourselves in the imagined position of power, we would do no such thing. What each of us failed to realize was that the very declaration of our fool intentions warned our hard-headed old boss, the World, not to risk letting us have the power.

Not so, invariably, however. In my very earliest banking youth I sat admiringly at the feet of a certain senior clerk. He was a far-thinking theoretical young student who told us frankly (and foolishly) the way a general manager ought to run a bank. Apparently we juniors were the only ones fully warned of the impending calamity. Our voices would not have been heard even had we possessed the intelligence to raise them. Five years later, by an amazing series of boom-time events, the young student given to radical theories was general manager of a bank. On his board were men financially visioned to rule the country, even if they could not rule the young theorist There came to be forty branches of the bank. Another five years and the theories were in full fruit. The only question remaining was, "When will the people find out?"

THE reputation of the young general manager was not of consequence, but the reputation of Canadian banking was a proud asset. A strong syndicate of banks grabbed those forty branches just as they were wobbling on the edge of the bottomless pit. The theoretical general manager departed and afterwards, I understand, became the strong and useful man he was intended to be. Instead of getting his education in the school of hard knocks, he got it at the expense of $2,000,000 of shareholders' money.

In the rule book of one of our largest banks occurs something very like this: "In lending the bank's money you should apply exactly the same principles as though lending your own." This hint is so mild and harmless-looking as almost to be passed over in smiling forgetfulness. Nevertheless, the wise junior executive will turn back the page to have another look at it, and, if he be very wise, he will go on his way repeating it to his inner consciousness a sufficient number of times to ensure its being indelibly engraved there.

As a matter of fact it is the whole law and the prophets of banking.

The luckiest thing that ever happened to me was a certain bad debt. I had just graduated into that agreeable position where I could relieve people's anxiety and make them happy by the proverbial stroke of my pen. My initials on the corner of a promissory note, and the money was theirs!

A poor but honest (looking) carpenter appeared before me with a moving description of his large wife and small children, no work but brilliant prospects, and a need of the most temporary character. My magnanimity was inspired and, although fifty dollars was the same as fifteen to a big bank with lots of money, I did coax him from one to the other just by way of emphasizing my official prerogative. Indeed my customer could have done with any amount, large or small, as I fully realized next week on seeing his name figuring in the Small Debts Court.

In my sober reflections of "the morning after" I realized that fifteen dollars was too small a matter to report to head office as a bad debt. My unmade reputation could not be risked for that sum. So I paid the note myself and when, in the course of my ordinary education, I came across that harmless-looking hint in the rule book, its meaning was clear to me after exactly one reading. As a bargain purchase on account of my life work, it was like buying a brick house for a quarter.

Nowadays I sometimes have the heart to withstand even the tears of the prettiest female and then say, "No" in a way to make her suppose I've done her a favor.

The carpenter's note I laid prominently in the fore-front of my most convenient desk drawer. Soon there was laid on top of it the check of a "friend" who wanted me just to save him the trip over to his own bank. After a couple of years I had to use a clip for the collection, to which had been added: one forged Express Order, one check of an itinerant clergyman, two commercial travelers' drafts on "the house" for imaginary traveling expenses and a small note of my brother's wife's cousin.

Whenever I feel myself weakening I surreptitiously open my drawer two inches to permit the light of day—and memory—to illumine the contents of the clip. I am as far as ever from owning the bank, but I do most emphatically own that file, and the inspiration is very much the same.

It is a human vagary of life, not merely banking life, that each mortal seems to fancy himself peculiarly fitted to handle more money than he owns—in short, other people's money. We readily admit that, to handle another man's job, we must be as big a man as he is, but we have not taken the pains to see that neither can we have the handling of the other fellow's money unless we think as soundly as he has done in acquiring it. This in fact is the reason why, while comparatively few men need to cast about for another to take up their work, there is a world-wide and age-old demand for people who can capably handle other people's money. If there were not, exit the banking business.

In this country, and doubtless in banking houses everywhere, one of the commonest and most human errors of well-meaning and good-fellow managers is to urge upon their directors the necessity for large salary increases for their clerks. Frankly, for a man high in our professional affection, we advocate a salary several hundred dollars a year higher than that man could earn in another sphere. I want the directors to pay it to please me, so I in turn can please my protege. Yet what would we think of the directors if they paid the manufacturing stationer 125 per cent of the the market price for blotting paper because they liked him, and certainly what would we think if they paid $10,000 a year rent for premises worth $7,000—because the proprietor was a friend!

Commonly a manager will base his appeal for a clerk on the claim that, though the man is only doing a bookkeeper's work, he is in fact capable of running a cage or an executive office. Because he has been a highly efficient bookkeeper it is taken for granted that he is also a highly efficient cashier.

Perusing staff reports in the head office of a Canadian bank, I have read time and again "This man can do anything, up to taking full charge of a branch." The enthusiasm is honest enough, but it is exactly the same sort of enthusiasm which prompts a man to marry his cook.

Every head office official can recognize this miracle-man a mile away, but in some cases the only way to convince the enthusiastic manager is actually to try out his favorite on a post which he is incapable of holding down.

A YOUNG fellow was transferred to the staff of a large city office where I worked. The letter from the manager of his country branch, after claiming the usual omnipotence, added, "This man is the fastest worker I ever had in my office." This particular miracle-child confessed to me six months later, "Before I was at work twenty minutes in this bee hive I was virtually flat on my back. And I was semi-dazed and only partly conscious for three weeks—until I learned how to work fast."

No, assuredly the men who own, or run, the bank will not cheat their shareholders by paying more than the market price for either ink or human beings. And we only show our incapacity by advising it.

At one point in my own experience I became so infectiously keen on the business future of a certain section that my directors caught some of it from me. I even made a special trip to head office, armed with two sets of architect's plans, and tried to bully the general manager into erecting a $55,000 building on the expensive lot I had induced him to buy, rather than the more modest $30,000 structure. Developments of later years proved that the whole commitment was to some extent a waste of money. In this case I rather think I should have done the same impulsive thing even had I owned the bank. The movement of the eccentric on the great wheel of fortune throws even the judgment of boards of directors out of true.

Some years ago I entered a small bank in a small city of eastern New York, presented my personal check on Vancouver, Canada, recited the usual mumbo-jumbo, "'pon my word and cross my heart," that the check was quite all right—and then stood in smiling pose awaiting the money. I had satisfied the youthful-looking cashier that I was, or at the very least had been, manager of a Canadian bank. He said, "No!" as any good cashier should have said. But, just as I was making a mental note to write him into a banking story as a strong character, he spoiled it by saying: "So far as I'm concerned I'd do it willingly, but my directors meet each Thursday and I know there would be criticism."

Just to that extent the directors had the wrong man for cashier. The thing was bad practice; the men who owned the bank evidently knew it was bad practice; if the cashier knew it was bad practice, he should have been big enough on his own account to say so. If he didn't know it, he shouldn't have been cashier.

Also, in Canada, where banks have 500 branches, it is an all too general practice among even the most capable managers to hide behind the skirts of head office. There's no denying it, the

(Continued on page 41)




Nowadays I sometimes have the heart to withstand even the tears of the prettiest female

# New and Old, at Home and Abroad



The entrance and banking room—stairway leading to the safe deposit vaults—of the new home of the Dexter Horton National Bank, Seattle, Wash.





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The Italian Bank in Buenos Aires, Argentine



COPYRIGHT, KEYSTONE

The storm center of the financial troubles in France—the famous Bank of France



Opening day in the beautiful lobby of the Stock Yards National Bank and the Stock Yards Trust and Savings Bank, Chicago, whose new building is a replica of Independence Hall



Another milestone in American bank architecture—the main banking room of the Hellman Bank, Los Angeles



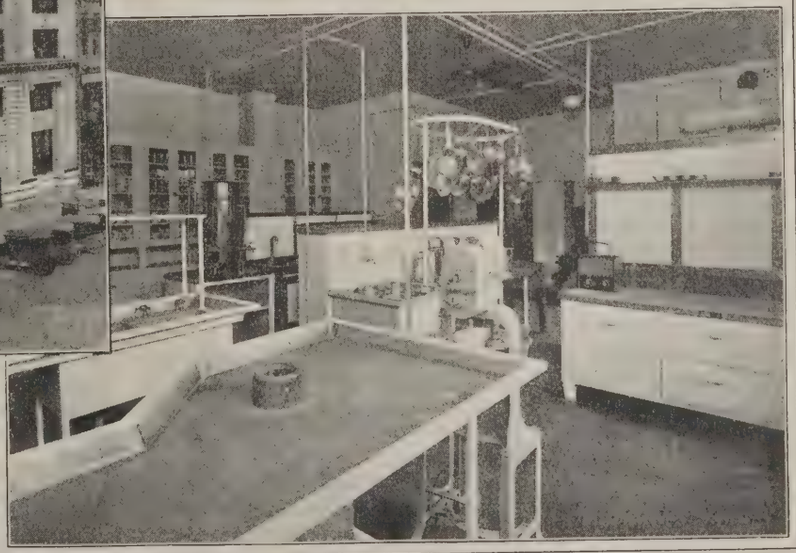
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An example of attractive design in a small town—the Catskill Savings Bank, Catskill, N. Y.




A suggestion of the Greek in the graceful lines of the new Schiff Trust & Savings Bank, Chicago, organized thirty-three years ago





Office-building exterior and spotless kitchen of the new First National Bank of Houston, Texas. This institution, chartered in 1865, has helped make Texas history

# Central Control to Cut Costs

## With the Volume of Business Nearly Doubled, Expenses in This Bank Are Lower Than They Were Five Years Ago

*By* ARTHUR L. IRISH
Vice-president, Guardian Trust Company
Cleveland, Ohio

BANKS, like industrial concerns, are rapidly learning that the application of scientific management to all matters of operation is a primary means of securing the largest possible production on a minimum amount of outlay. Experiences through which business organizations have passed since 1914 stress fundamentally the necessity of centralized operating control and supervision, if business organizations are to solve their problems successfully in this era of highly specialized competition.

The Guardian Trust Company, of Cleveland, Ohio, in meeting this problem in a systematic way, cut its direct operating expenses 18.8 per cent in 1924, as compared with the figures for 1920, and now conducts its business with 3 per cent fewer employees than five years ago, even though its volume of business, on the basis of deposits as of June 5, 1925, has increased 82 per cent in all banking departments and proportionately so in the trust and investment departments.



The Guardian

Although salaries, exclusive of those of senior officers, are, on the average per individual, 4½ per cent higher than they were at the low point of the depression in 1921, the total payroll, as shown by figures for May, 1925, is practically the same as in 1920, since which time the bank has added two new departments, two branch offices, doubled the sales force in the bond department and increased the personnel of the business extension, tax and other departments.

Scientific management applied to banking has brought about these marked results. Economy and efficiency commensurate with the highest type of personnel and service is the goal set for the bank by its president, J. A. House, and in carrying out this policy, backed by the other officers and employees, the bank has been enabled to make these practical showings through a centralized operating control.

Such savings and increase in operating efficiency are evidenced in four directions: in responsibility and application of personnel, in co-ordinated location of departments, in centralized control of equipment and maintenance as well as in the purchase and distribution of supplies.

All operating activities are handled through one department, a central clearing bureau headed by a senior officer, who has the close co-operation of all department heads throughout the bank and its eight branch offices.

EARLY in 1921 surveys were made of all departments and branch offices as to the division of functions, the co-ordination of departments and the duties of personnel. Out of this survey was developed a detailed chart of the organization. This set-up, department by department, in their relation to each other, indicated the divisions and functions of each department and the individuals responsible for the executive details of each integral section of the bank. By means of the chart and these analyses definite responsibility was placed, so that every officer, chief clerk and employee, down to messenger boy, knew that he had certain definite duties and that he was expected to perform these functions if the work of the bank was to continue at a high degree of efficiency. This meant that the work of every department was divided into practical units, so that the load was balanced and activities co-ordinated. This placing of responsibility obviously led to a more intense application to duties, minimized the tendency to "pass the buck," and stimulated initiative.

In this study of personnel and duties, it was found that certain high-priced employees were handling tasks that could be taken care of by less highly paid employees. It was also discovered that certain employees were better adapted for positions other than they then held. Proper fitting of men to other positions was obviously the next step in handling this situation. Therefore, the more highly paid help in certain divisions were given more responsible work and employees better suited to other functions were, whenever opportunity offered, transferred to the proper departments.

It was also found that careful consolidation of work made it easy for employees, without extra effort, to produce larger results. By consolidating ledgers, bookkeepers were each able to handle 27 per cent more accounts.

Under this general plan and with a complete catalogue of the experience and capabilities of employees, it was readily possible to make temporary transfers to meet peaks in various departments and to handle the work during the vacation period.

Vacation schedules are made up very early each year in every department and vacations begin during the spring months, so that the work of all offices may be carried on without taking on substitutes. This is so planned that a minimum of employees is on vacation at any period during the spring and summer. During the current season the bank has not taken on any substitutes to fill in while regular members of the staff are away. This plan for transferring clerks to departments where needed, together with the increased

application to duties, greatly reduced the item of overtime. More than $6,000 was saved in 1924 in supper money, as compared with the figures for 1920. The overtime is now less than 50 per cent of what it was five years ago.

Devices and plans have been introduced wherever possible to conserve the time of personnel. A fifteen-minute inter-departmental mail service is now in operation so that reports, memoranda and correspondence may be sent to any department in from five to fifteen minutes, thereby eliminating a great deal of foot-work on the part of messengers and clerks, as well as time lost in waiting to interview or see officers or other members of the staff. Officers and employees are encouraged to send memoranda rather than to seek interviews unless the business necessitates a conference. Another example is that of the installation of a visible directory on the telephone operating board. This is kept up-to-date and it is possible for an operator to locate instantly the department in which any employee is working.

A survey of correspondence in various departments showed that clerks were wasting time in dictating useless and formal verbiage in handling routine correspondence. Substitution of form letters whenever possible and elimination of perfunctory beginnings and endings have undoubtedly saved the bank thousands of dollars in time. For one month the advertising department checked useless verbiage and errors in carbons of these letters, returning them to their authors for study and correction. Bulletins were issued, pointing out the waste of time involved in dictating and typing verbose beginnings and conclusions, and suggesting means of writing tactful, courteous letters.

It has been the practice of the bank for years to make promotions, so far as possible, from within the organization. When an opening occurs in a department, other employees in the division always are given consideration in filling the vacancy. It is also true that a survey of the records of employees in other divisions is made, so that if someone in another department seems particularly fitted for such a position, he is transferred, provided both department heads are in agreement that that would be an advantageous move for the bank and the employee. Such promotions often mean a shift of two or three or four other employees and this recognition of ability and loyalty obviously is a stimulus to better work. In the general banking departments the procedure for promotion is as follows: For boys, from page to mail clerk, from mail clerk to statement clerk, from statement clerk to bookkeeper, from bookkeeper to teller; for girls, from file clerks to statement clerks, thence to bookkeepers and other positions.

IT IS always a rule that a department head cannot discharge a member of his staff without consent of the senior officer in charge of personnel and operations. This rule is carried out in fairness to all employees because sometimes a man, owing to personality or capacity, may not fit into one division, but would be an excellent worker in another department.

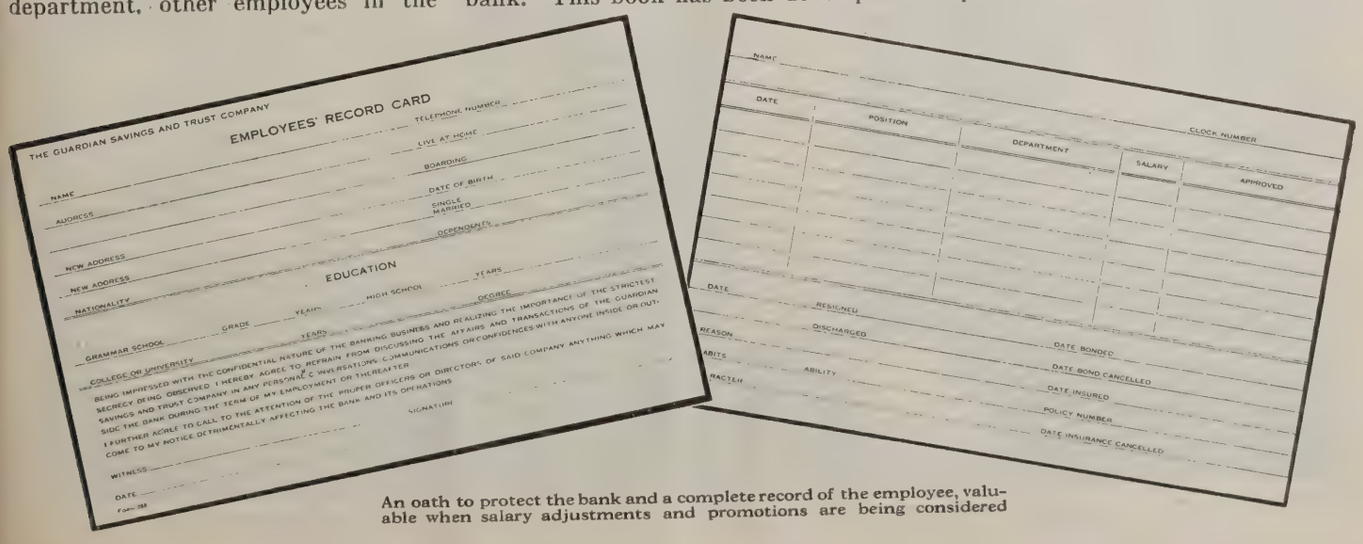
Operating under this general personnel policy, the bank in seeking new employees almost invariably hires them for the minor positions. Eighty-seven per cent of the people hired last year were beginners. Even so, the matter of selection and placing of new people is so important that a senior officer interviews all applicants before they are finally considered for placement. Careful attention is given to the character, capabilities, references and personality of each applicant.

Training is of primary importance. All new employees are given the Guardian book of rules and are expected to examine carefully this compendium of policy and general regulations of the bank. This book has been developed after months of careful study of the policies and all matters pertaining to the operation of the bank. It is cross-indexed, and an employee can immediately ascertain the bank's rules on personal telephone calls, sending of telegrams, filing of expense accounts, vacations, pension fund, and the like. Each new employee also receives a copy of "The Guardian Way of Banking," a book which, by means of questions and answers, outlines concisely the location, personnel, functions and activities of every department and division of the bank. In discussing the activities of the various departments, the book defines practically all the terms used in the fields of commercial banking, investments and fiduciary matters.

During the winter months departments have used this book as a text for the study of bank policies and methods. The plan has been for the department head to assign a chapter and then, a few days later, to hold an informal discussion, so that employees may ask and answer questions on any or all matters presented in the particular chapter assigned. Written tests have been conducted from time to time and it has been found that employees, both new and old, have greatly increased their fund of knowledge about general bank practice, as well as the particular policies and methods used by the Guardian. It has made each employee more conversant with the activities of all the departments of the bank; he is, therefore, more ready and more able to sell his own institution's way of banking to his friends and acquaintances.

All new employees are taken in groups on an inspection tour of the main office by a junior officer, and thus they see first-hand the location, personnel and operations of the various divisions of the organization.

All new employees are followed up by the operating department and at the end of three months are considered for possible salary increases. They are


THE GUARDIAN SAVINGS AND TRUST COMPANY

EMPLOYEES' RECORD CARD

NAME

ADDRESS

NEW ADDRESS

NEW ADDRESS

NATIONALITY

TELEPHONE NUMBER

LIVE AT HOME

BOARDING

DATE OF BIRTH

SINGLE
MARRIED

DEPENDENTS

EDUCATION

GRAMMAR SCHOOL GRADE YEARS

HIGH SCHOOL YEARS

DEGREE

COLLEGE OR UNIVERSITY

BEING IMPRESSED WITH THE CONFIDENTIAL NATURE OF THE BANKING BUSINESS AND REALIZING THE IMPORTANCE OF THE STRICTEST SECRECY BEING OBSERVED, I HEREBY AGREE TO REFRAIN FROM DISCUSSING THE AFFAIRS AND TRANSACTIONS OF THE GUARDIAN SAVINGS AND TRUST COMPANY IN ANY PERSONAL CONVERSATIONS OR CONFIDENCES WITH ANYONE INSIDE OR OUTSIDE THE BANK DURING THE TERM OF MY EMPLOYMENT OR THEREAFTER.

I FURTHER AGREE TO CALL TO THE ATTENTION OF THE PROPER OFFICERS OR DIRECTORS OF SAID COMPANY ANYTHING WHICH MAY COME TO MY NOTICE DETRIMENTALLY AFFECTING THE BANK AND ITS OPERATIONS

SIGNATURE

WITNESS

DATE

Form 788

NAME

DATE | POSITION | DEPARTMENT | SALARY | CLOCK NUMBER / APPROVED

DATE

REASON

HABITS

FACILITY

RESIGNED

DISCHARGED

ABILITY

DATE BONDED

DATE BOND CANCELLED

DATE INSURED

POLICY NUMBER

DATE INSURANCE CANCELLED

**An oath to protect the bank and a complete record of the employee, valuable when salary adjustments and promotions are being considered**

up for salary consideration again at the end of the next nine months, or the first year of their employment. Consideration of all employees for salary increases is automatically taken care of during the anniversary month of their employment. This plan has certain advantages in keeping the good will of all members of the staff, and whenever salary increase is granted, it becomes a special recognition of the employee on his first, second or any anniversary of his entering the service of the bank. Under the system used by a great many concerns, where the entire staff is considered for salary increases either the first of the year or in July, obviously all employees know the general practice and should a few or many not get increases, they are conscious of the fact that others probably are being granted more pay and, therefore, they have less good will toward their employers. The Guardian plan obviates this and at the same time distributes this work through the year, so that the officers responsible for personnel may give more careful consideration to the merits of individual employees. Of course, occasions arise when matters of salary increases are given attention at other periods of the year.

This placing of responsibility, this analysis of employee and position and this training of the staff, have made it possible for the bank to handle a volume of business, which, on the basis of deposits, is now 82 per cent more than in 1920 with 3 per cent fewer employees. All this has likewise increased the loyalty and morale of the entire staff. It has reduced labor turnover to 18 per cent, whereas the average turnover in metropolitan banks, according to the American Bankers Association reports, is from 30 to 60 per cent. This also means lowered operating costs because the bank has thus eliminated the large expense necessarily involved in hiring and training new help.

Efficient location and co-ordination of departments is another money-saving factor because it minimizes the amount of time employees spend in going from division to division and makes more accessible documents utilized by related departments. Thus the proof, analysis, transit, commercial books and return items divisions are located on one floor and adjacent to each other. The comptroller's, auditing, general books and operating departments, including the purchasing division, are likewise contiguous. Another example of this is the co-ordination of advertising, solicitation and central files divisions.

THE stenographic department, mail division and filing rooms should be near the center of distribution and activity, so that in answering calls for stenographic service, in collecting and delivering mail and in sending material to or getting it from the files, the distance to be covered is, so far as possible, reduced to the minimum, with its consequent saving of time on the part of the employees of these departments.

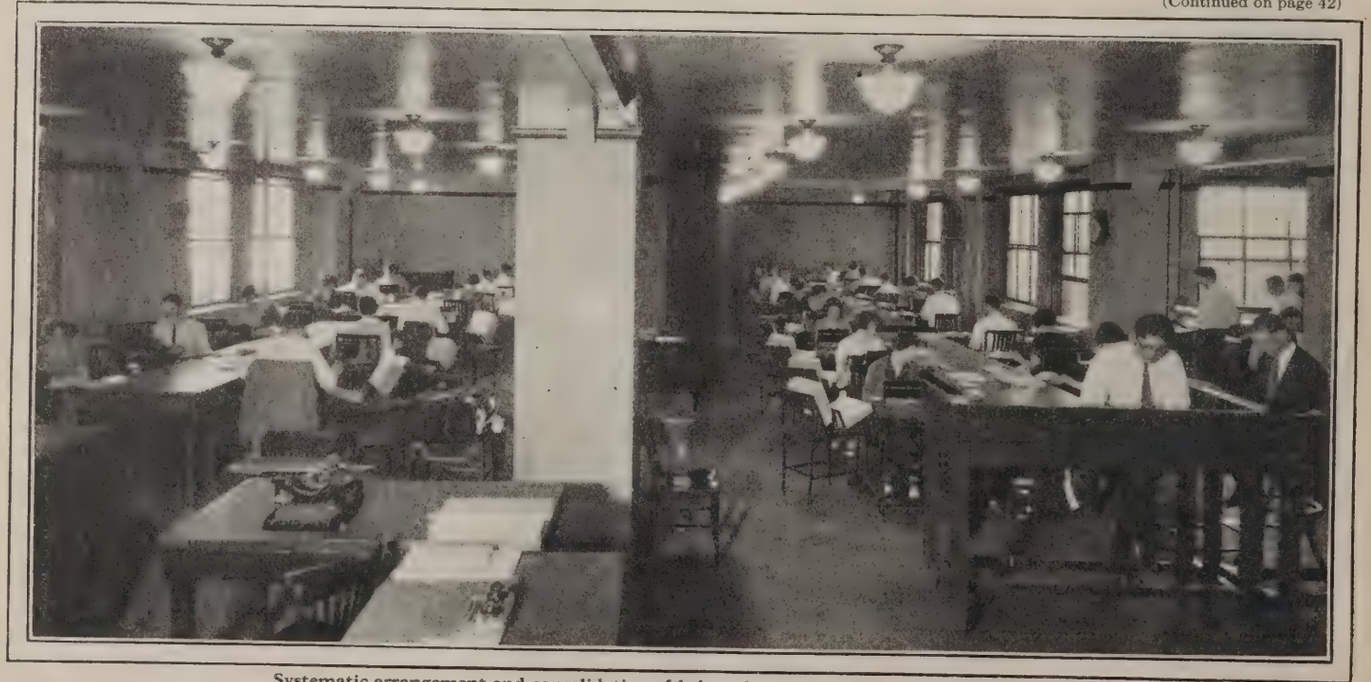
The third item in reducing operating expenses is a centralized control of equipment and maintenance. A continuous check of all departments and branches makes it possible to operate efficiently on a minimum of equipment. Whenever any equipment is not in use, it is catalogued and stored; thus, when a department head requisitions a desk, the file of stored equipment will probably show one or more desks readily available. During a period of six months, forty-seven requisitions, involving expensive equipment, were filled in this way. The preliminary survey of equipment, for example, showed that in several departments filing cases were used for storing stationery, other supplies and old records. As rapidly as possible these cases were transferred to divisions to be used for the purpose for which they were made and less expensive equipment was substituted for the storing of supplies and records. Haphazard lighting arrangements and unnecessary telephone trunk lines were also subjected to adjustment which likewise reduced expenses. Care and inspection of equipment, with resultant lengthened service, also mean dollars saved.

The expenditure for equipment last year was only 51 per cent of that expended in 1920. The first five months of this year the expenditure for office equipment was only 45 per cent of what was spent during the first five months of 1924. This clearly indicates the tangible results of a continuous check on all the machinery of operation.

As carpenters, electrician, janitors and maintenance employees are under the direction of the operating department, their work is co-ordinated and scheduled so that there is no duplication of effort or confusion. All requisitions for repairs, alterations and maintenance service go to the operating department and are given consideration in chronological order or order of importance. This plan, supported by the official staff of the bank, minimizes demands for extra help in changing departments and handling other matters of general maintenance.

Close control in the purchase, distribution and use of supplies and

(Continued on page 42)



Systematic arrangement and consolidation of ledgers have greatly increased labor production

# Statements All Ready the 31st

## Military Organization in a St. Paul Bank Completes the Statement Job by 7 P. M. on the Last Day of the Month

*By* N. W. KINDGREN
Merchants National Bank, St. Paul, Minn.

"DO YOU always get your statements out on the last day of the month?"

"Oh, yes, we always do."

"But I don't see how you can. In our bank we never get them ready until the day following."

This is part of an actual conversation that took place in our bank recently between our chief clerk and a visiting banker from one of the ten large cities in the United States.

Speed in getting the statements ready is an accomplishment worthy of commendation for more reasons than one. If the work is allowed to drag on until the morrow, we can imagine the confusion and inconvenience with which the clerks must contend and even if the work is finished late in the evening, the long grind will tend to dull the mental faculties so necessary for efficient work on the always busy first day of the month. Who does not realize the fact that a bank clerk, mentally tired, is more unfit for work than would be a person tired physically?

To reduce to a minimum this mental strain always apparent on the day the statements must be prepared, our officers have instilled in the minds of the clerks engaged in this (always unpleasant) work the certain knowledge that they can get through in a short time.

If the banker from the large city told the truth, which of course we doubt not, except that his assertion seems so incongruous, then we in St. Paul have something to crow about. For instead of letting this work drag on until morning, we get through at 7:00 P. M. Of course, it means work! But it is work systematized, work rendered simple, helpful, thorough in its application. It is efficiency realized. Although to our knowledge, none of the men responsible for this system have ever served in any military capacity, nevertheless, it seems that the plan is molded to fit the military plan. There are the general, the captains, and the privates. And to extend our driving power, we have a lieutenant or two. The general, you will without much conjecture identify as the chief clerk. To him, due credit must be given for the success of the work entrusted to the captains, who in turn oversee the work of the privates. A good leader invariably gets good results when his plan has received mature consideration. But let us explain:

Sam Small

READ THESE INSTRUCTIONS EACH MONTH

A--Am SET

All checks must be counted before the last day of the month.

When counting checks, WATCH SIGNATURES CLOSELY for misfiled checks.

No clerk will be allowed in file room or any files taken out on the last day of the month for the purpose of counting checks.

Clerks will locate in cages or departments specified on schedule.

Balances must be posted neatly.

On overdrafts, write the word "overdrawn" not O D above the amount

Call balances from bookkeepers list to your captain who checks statements.

If you make an error in posting balances, make corrections neatly in ink.

Do not tear off too many stubs at one time as you may tear into the statements.

Place rubber band around stubs with your name, and the number of your set, and hand to your captain

See that the number of checks agree and run in order with your statement.

If you have statements with missing checks which you cannot find, report to captain, explaining circumstances and reporting what search you have made.

Hand any checks not belonging to your set to your captain.

Fold all statements neatly so that the name and address will be visible through an outlook envelope.

Pick out all statements for which you have cards, verify address and hand to captain.

Return all check files to the proper places and place all large accounts in alphabetical order in statement cage.

Captains have charge of an entire ledger. As early as possible, they will list the last balances of their ledger on sheets large enough to accommodate all the accounts. This list serves two purposes. It is a proof for the bookkeepers first; and second, it is used in verifying the balances as shown on the statements. Therefore, it obviates the necessity of referring to the ledger itself, except where errors must be located.

The statements corresponding to this ledger are taken care of by four privates. They will, as soon as their regular work permits, gather the statements assigned to them and proceed to write the final balance in proper place. This done, they will call balances *from a sheet prepared by a captain who checks against statement figures.* Thus no one is permitted to assume that his own work is infallible. After the statements have been checked, the four privates working in close proximity so as to enable the captain always to render any little assistance required, proceed to enclose checks and as the work progresses, they pick out statements that are to be mailed which, together with corresponding cards indicating the depositors' wish to have statements delivered by mail, are handed to their captain. The captain stamps the card with the mailing date and encloses the statement in an outlook envelope. No addressing is necessary as every statement bears the customer's address as well as the name. With the mailing cards are others that request *delivery* of statements. These are turned over to the statement clerk, who attends to sending them out on the following day by messenger. These cards also indicate names of firms with which customers are associated, enabling the statement clerk to consolidate and send at one time all statements to go to or be called for by one institution. The remainder and major part of statements are of course placed in the alphabetical files for early disposition.

But now let us explain how we are able to do the work in so short a time. It would hardly seem possible to the uninitiated that the accumulation of a month's work could be accounted for satisfactorily to 7,000 depositors, each one of whom expects to receive a neat, correct and comprehensive report of his account within the space of two hours.

A set of instructions is handed each month to the privates, enabling them to refresh their minds on the work ahead. The check files containing the cancelled checks of depositors, besides being arranged absolutely true to alphabetical sequence, have been so divided as to contain identically the same accounts as the statements call for in each separate set allotted to the privates. Thus, he works with his own files only, when enclosing the checks with the statements.

Attention is called particularly to first rule on instruction sheet. Captains are responsible in a measure for the success of this rule. When receiving assignment of privates for the month from the general, they will notify the privates as to the set to be worked

and remind them that this rule is to be adhered to. Laxity is not tolerated, but rather is friendly competition encouraged, bringing results which can not but be a source of gratification.

So far, we have not mentioned the lieutenants' part in our plan. Their work consists of caring for the excessively large accounts, for which separate files must be maintained. Some of these accounts will have accumulated from one thousand to two thousand checks in the month. These must be neatly bundled together and wrapped for delivery, after which they are also turned over to the statement clerk who attends to the delivery end of the work.

Other lieutenants are caretakers of statements which may have been subjected to counter-error, such as charging checks of a trustee to that person's personal account, and vice versa. Besides, the lieutenant is prepared to give advice concerning joint accounts which are very confusing except to the bookkeeper who becomes familiar with his own accounts.

From all the foregoing, it will become apparent that an effort has at least been made to foresee any contingency and that no one clerk is allowed to fall in the "dumps," for assistance is always ready at hand to keep his head above water. It is our belief, and this is shared by the originator of this system, that a higher degree of efficiency is maintained by enabling the clerks to shorten their hours of labor, for it permits of no loafing, which might become a habit if no real encouragement were offered. And in loafing lurks, for the bank clerk, the deadliest of germs which breed forgetfulness and mistakes, and ultimately, failure.

# One, Two, Three, and Out Goes He

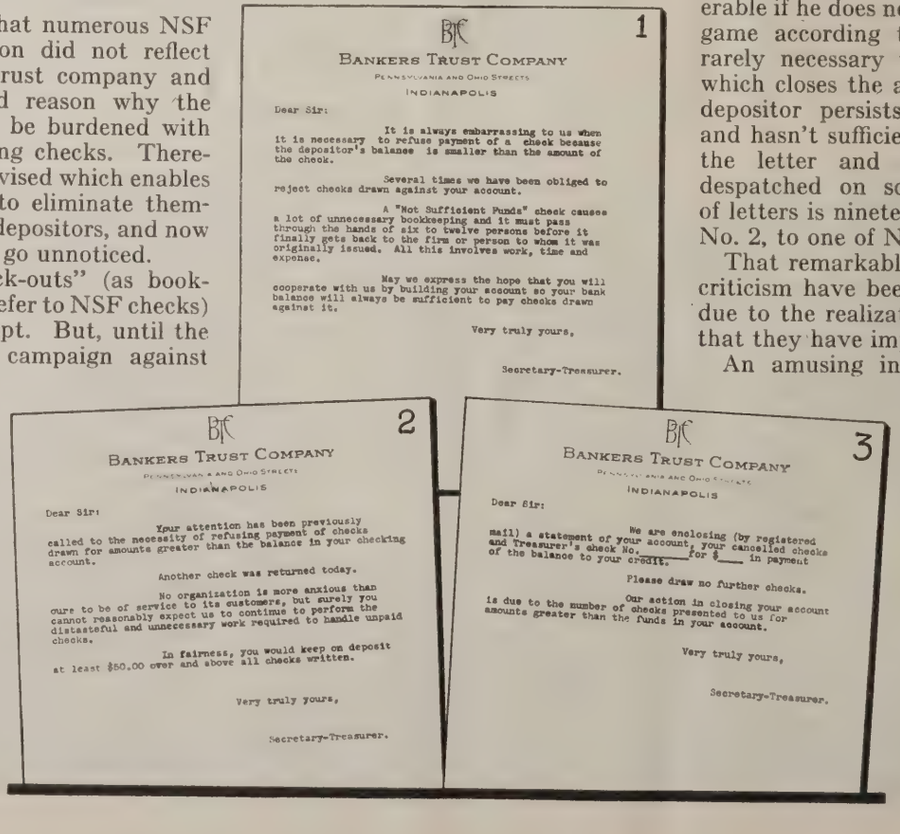
*By* EUGENE W. SHORT

SHOULD depositors be permitted to write checks indiscriminately, irrespective of the balances to their credit? This question was answered negatively by the officers of the Bankers Trust Company, of Indianapolis, one year ago and, during that period, the number of "Not Sufficient Funds" checks has been reduced 50 per cent.

As in many other institutions, the use of checking facilities has been encouraged without rigid requirements as to balances and with no service charge. Some depositors, not content with the service bargain obliging the banks to carry their accounts handled at a loss, persisted in disregarding the amounts of their balances if blank checks were handy when they were "broke" or when importuned to pay bills.

It was decided that numerous NSF checks in circulation did not reflect favorably on the trust company and there was no good reason why the bank's staff should be burdened with the task of returning checks. Thereupon, a plan was devised which enables habitual offenders to eliminate themselves gradually as depositors, and now NSF abuses do not go unnoticed.

A record of "kick-outs" (as bookkeepers and tellers refer to NSF checks) had always been kept. But, until the institution of this campaign against the NSF evil, that record was seldom referred to. Now, it is in daily use. The machinery which has done so much toward reducing NSF checks, is set in motion the first time a depositor's check is returned. A card is prepared showing the date of the return, the amount of the check and the date it was drawn. If a second check is subsequently returned, the first letter of a series of three is written, personally signed and mailed. This letter is mild but, after reading it, the depositor cannot help realizing that he has imposed on the bank. If an error has been made, the bank learns about it promptly for immediate correction. If another check is returned, a more vigorous letter (No. 2) is forwarded. Then, after sufficient time has elapsed for delivery of this second letter, if another check is returned because the funds are not sufficient, the depositor receives letter No. 3, the last of the series, with a statement of his account.



1

BANKERS TRUST COMPANY
PENNSYLVANIA AND OHIO STREETS
INDIANAPOLIS

Dear Sir:

It is always embarrassing to us when it is necessary to refuse payment of a check because the depositor's balance is smaller than the amount of the check.

Several times we have been obliged to reject checks drawn against your account.

A "Not Sufficient Funds" check causes a lot of unnecessary bookkeeping and it must pass through the hands of six to twelve persons before it finally gets back to the firm or person to whom it was originally issued. All this involves work, time and expense.

May we express the hope that you will cooperate with us by building your account so your bank balance will always be sufficient to pay checks drawn against it.

Very truly yours,

Secretary-Treasurer.

2

BANKERS TRUST COMPANY
PENNSYLVANIA AND OHIO STREETS
INDIANAPOLIS

Dear Sir:

Your attention has been previously called to the necessity of refusing payment of checks drawn for amounts greater than the balance in your checking account.

Another check was returned today.

No organization is more anxious than ours to be of service to its customers, but surely you cannot reasonably expect us to continue to perform the distasteful and unnecessary work required to handle unpaid checks.

In fairness, you would keep on deposit at least $50.00 over and above all checks written.

Very truly yours,

Secretary-Treasurer.

3

BANKERS TRUST COMPANY
PENNSYLVANIA AND OHIO STREETS
INDIANAPOLIS

Dear Sir:

We are enclosing (by registered mail) a statement of your account, your cancelled checks and Treasurer's check No. _____ for $____ in payment of the balance to your credit.

Please draw no further checks.

Our action in closing your account is due to the number of checks presented to us for amounts greater than the funds in your account.

Very truly yours,

Secretary-Treasurer.

his cancelled checks and a check from the Bankers Trust Company for the amount of his balance, thus closing the account.

Aside from the elimination of troublesome accounts, the experience has been interesting and beneficial. Many who receive the first letter apologetically deplore the circumstance of the attempted overdraft. They usually attribute the errors to check-stub mistakes. For the most part, those who mention the letter are conscientious and usually guard against repetitions. When they refer to the incident the employee or officer has an opportunity to present the bank's case and more profitable accounts result. Letter No. 2 usually causes the depositor to close the account voluntarily—which is preferable if he does not intend to play the game according to the rules. It is rarely necessary to use letter No. 3 which closes the account. But, if the depositor persists in writing checks and hasn't sufficient funds on deposit, the letter and the enclosures are despatched on schedule. The ratio of letters is nineteen of No. 1 to six of No. 2, to one of No. 3.

That remarkably few expressions of criticism have been heard is probably due to the realization of the offenders that they have imposed on the bank.

An amusing incident occurred recently. A woman depositor became very indignant when she received letter No. 1. She immediately telephoned to one of the officers. Nothing was left unsaid that would remove a doubt that she was offended. It was found upon investigation that so far as she was concerned, she was absolutely correct.

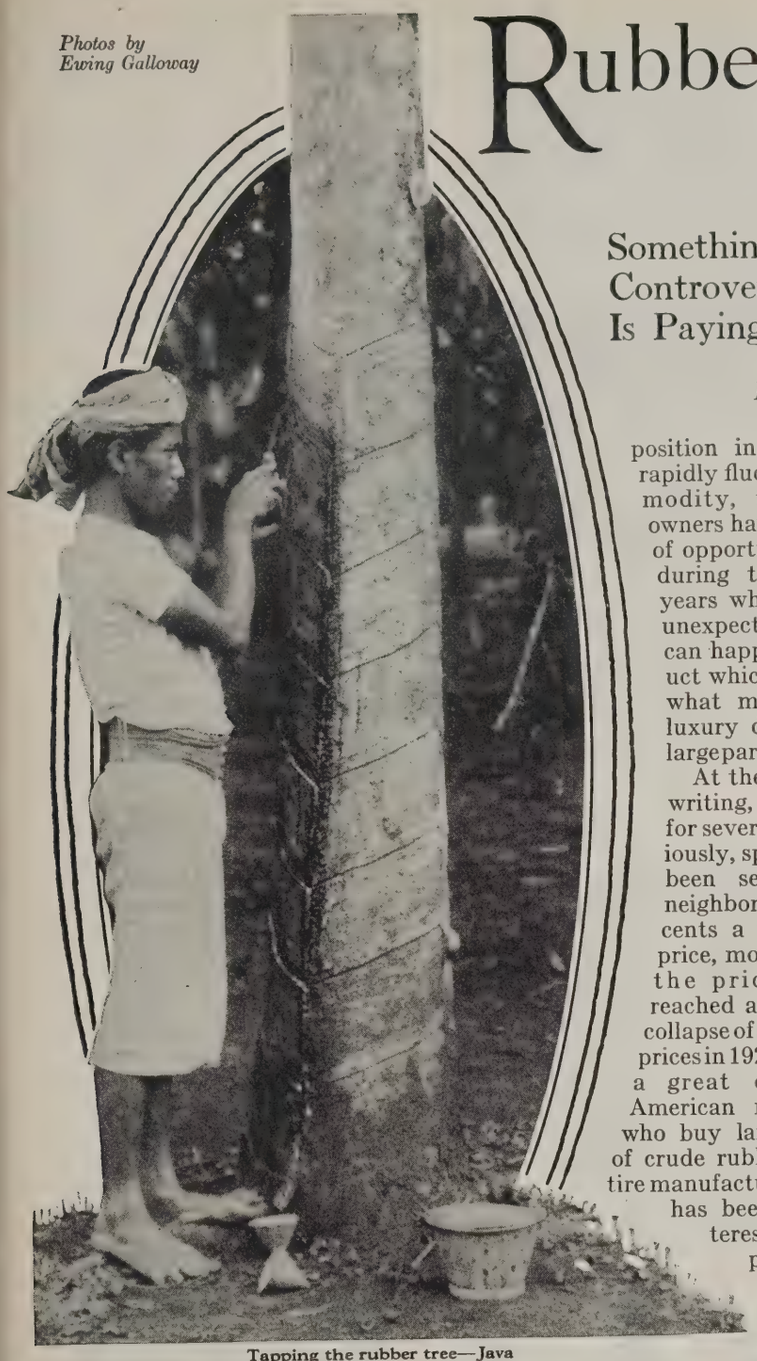
(Continued on page 40)

# Rubber Takes the Center Stage

## Something About the International Controversy Over Crude Rubber That Is Paying England's Debt to America

*By* FRANK PLACHY, JR.

*Photos by Ewing Galloway*



Tapping the rubber tree—Java

BOTH in an economic and in a political sense rubber has rather suddenly assumed the center of the international stage. Of all the great commodities of commerce by which nations supply their wants and settle their debts, it is easily the most interesting. Wheat, copper, cotton, coal, tea, coffee and wool have all had their more or less prosaic commercial romances, but rubber—the youngest child of the great staple group—just now presents the most interest to the international observer and has given rise to more agitated controversy during the last few months than all the rest put together.

The center of ownership of the crude rubber producing industry is England, and as a result of its preponderant position in a new and rapidly fluctuating commodity, the English owners have had plenty of opportunity to learn during the past five years what quick and unexpected disasters can happen to a product which depends on what may be called luxury demand for a large part of its market.

At the time of this writing, (June 7) and for several weeks previously, spot rubber has been selling in the neighborhood of 80 cents a pound. This price, more than treble the price that was reached after the great collapse of all commodity prices in 1921, has brought a great outcry from American manufacturers who buy large quantities of crude rubber, especially tire manufacturers. So great has been popular interest that the Department of Commerce instituted an inquiry, and the published result of that inquiry has brought forth a statement that the British would be able to pay off their entire debt to the United States from the profits on their rubber enterprises and the control they hold on world supplies of crude rubber.

Leaving aside for the moment the war debt business, let us see what has led to present conditions in the rubber market. The smashing blows which all great industries suffered after the collapse of the post-war boom were especially damaging to the growers of crude rubber. Automobile tires are by far the greatest use to which rubber is now devoted and the preponderant position of the United States in the tire and automobile industries results in America consuming more than 70 per cent of the world's rubber. When production both of automobiles and tires fell off nearly half, the inevitable result was a tremendous deflation of crude rubber prices, a deflation that meant a hard blow for the American tire companies when they came to mark down their inventories to market prices.

But for the actual plantation companies growing the rubber, the situation was even more disastrous. Rubber prices fell far below the cost of production of even the best managed estates and it became obvious that a great deal of rubber acreage, both that already in bearing and acreage of young trees from which no income had yet been secured, was in acute danger of being abandoned and allowed to revert to the primeval jungle from which it had been rescued by hard and expensive toil.

WITH nearly three-quarters of a billion dollars of British money invested in rubber plantations, it was natural that the British government should sit up and take notice of the perils confronting one of the nation's most important industries. The best minds of the industry were called into consultation by the British Colonial Office and the result was the adoption of a plan for reducing the amount of crude rubber to be offered for sale during each three months until the price should again reach what was thought a normal figure. This was the Stevenson restriction plan. Concerning it, Mr. Hoover has said, "The producing industries of the world would be much better off in the long run if combinations in restraint of international trade were abandoned on all sides"—a statement that brought bitter smiles from the entire British manufacturing industry which has such good reason to be acquainted with the high tariff wall the United States has built around itself.

The British control about 80 per cent of the rubber producing acreage of the world, the Dutch 15 per cent, the French 2½ per cent and the Americans 2½ per cent. The British tried to get the Dutch to join them in the restriction of output, but the Dutch







Weighing crude rubber at a jungle station in Peru. In the circle, cultivation in the Malay states. Below, crude rubber on the lines to dry near Singapore

refused, with results to themselves that constitute an interesting element of the general situation. Nevertheless, the British went ahead with the plan, reducing their exports from 271,000 tons in 1922 to 205,027 in 1924. The Dutch meanwhile increased their sales from 102,171 in 1922 to 175,000 tons in 1924.

DEMAND was slack through most of 1924 from the principal consumers, and in spite of the fact that supplies of rubber were known to be running low, it is alleged by the rubber producers that the American buyers deliberately held off from the market at the beginning of each quarterly period when the percentage of the 1922 production that was to be allowed under the Stevenson scheme was determined according to the price that had prevailed on the average during the preceding three months.

As is well known, the first quarter of this year opened with rubber selling for a price that allowed 55 per cent of normal production. Demand, however, suddenly jumped and with it the spot price of rubber. It was realized that world stocks in the hands of manufacturers, dealers and in transit were far below the safety level and under frenzied, competitive bidding the spot price rose until at the time of writing it is around 80 cents per pound. This increase means that under the terms of the restriction agreement, growers may sell an increase of 10 per cent each quarter during the year, so that before the end of this year supplies will equal 85 per cent of the quantity marketed in 1922.

The British rubber growers are well satisfied with the results of the plan. They are certain it was the only salvation of their industry and in reply to all critics, they ask what the present situation would have been if great amounts of rubber acreage had been abandoned. Plainly, there would not have been enough rubber to satisfy world demand at any price. Wild rubber sources have been so ruthlessly exploited that today wild rubber constitutes less than 5 per cent of world demand, while on the other hand it requires five years before a young rubber tree can be brought into bearing, during all of which time the plantation must be cared for and a great amount of labor and capital expended upon it.

Obviously, rubber plantations constitute one of the most hazardous forms of tropical investment. The trees are beset by a multitude of diseases and insect parasites. It doesn't take long for an energetic battalion of white ants to destroy a young rubber tree. The greatest problem of all is labor, and that is something that no company can assure itself against. Americans who have about half a billion dollars invested in various Mexican enterprises from which they have seldom or never received a cent in dividends are perhaps better situated to realize the plight of the rubber share owner during the past five years than is the general

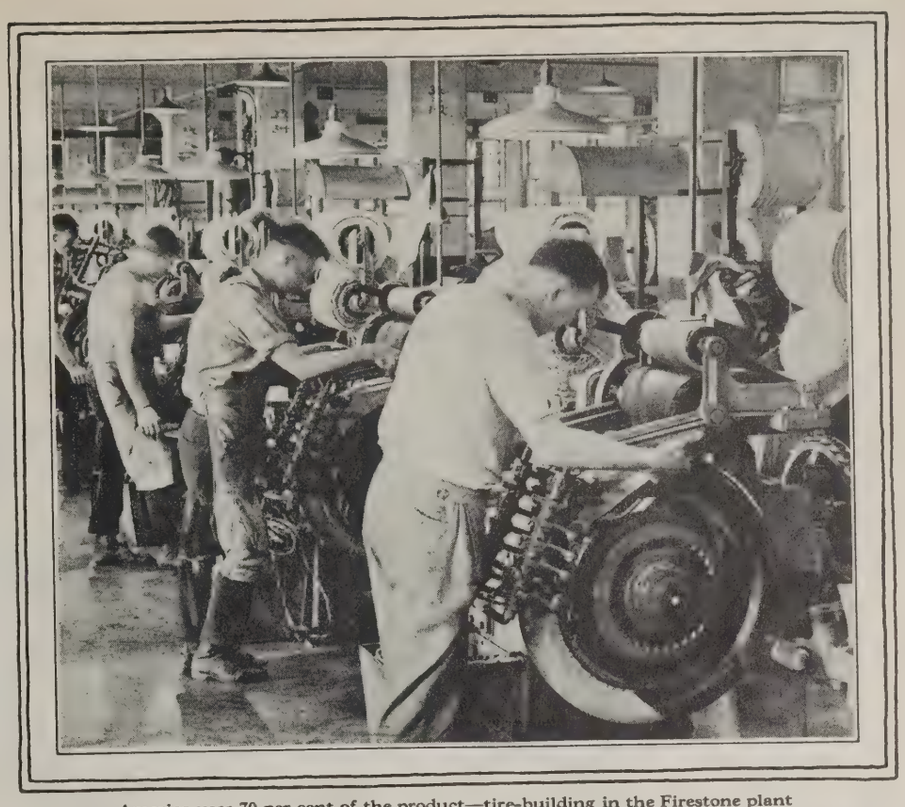
public. The recent report of the Department of Agriculture gave estimates of what a fair price for rubber should be. It was stated that a rubber plantation represents an investment of from $200 to $400 an acre, that a yearly production of 400 pounds to the acre was a good rate, that a selling price in New York of from 16 to 17 cents a pound covered the production costs and that an addition of 15 cents to this price would give at least a 15 per cent return on invested capital for even the higher cost plantations.

THESE figures were received nowhere with more interest than in the offices of rubber producing companies in London, where the general opinion was that if they were true, all rubber plantation owners would soon be riding in Rolls Royces while the price of all rubber shares might be expected to double in price overnight. The difficulty is that rubber cannot be grown by manipulating a pencil and a piece of paper, and the general opinion among veteran rubber growers is that the Department of Commerce's report belongs in some commercial museum in the same glass case that contains the prospectuses of the Belgian hare farms that were to make us all millionaires only a few years ago.

Rubber men do not believe there is going to be anything like a real shortage of rubber. Their belief that there will be plenty of the crude product for next year's consumption is shown by the fact that rubber for future delivery is selling considerably below the spot price while a great many of the large producing companies have made contracts far ahead at moderate prices. The largest producing company in the world, a Dutch concern, has sold a large part of its product as far ahead as 1928.

Incidentally, the situation of the Dutch share of the industry is interesting. They refused to bind themselves with the Stevenson agreement, although the British rubber companies operating in Dutch and other non-British territory voluntarily adhered to it. The result is that the Dutch have been rushing all possible supplies of their rubber to market and have drained their trees of the last drop of latex that could be secured. The result is that their plantations are not in anything like such good condition as the British. It is a characteristic of the rubber tree that the latex which is not taken from it is not lost, but is stored for future draining if required. This means that the British plantations have not lost a pound of rubber by reason of the Stevenson plan, but have simply allowed it to remain in the trees for future use.

Careful statistics are gathered by the Amalgamated Rubber Producers Association of London, as to the present and future rubber acreage in the world. It is known that there are large acreages of young trees not yet in bearing but which will be making large contributions to the world's supply of rubber within five years. Nevertheless, it is believed that when all the acreage now approaching maturity or planned is considered, the present ratios of ownership will not be changed. The British will continue for a long time to own or control about 80 per cent of the industry.



America uses 70 per cent of the product—tire-building in the Firestone plant

As to the allegation that the British are using their control of the rubber industry to pay their debt to America, every banker, statesman, business man, economic writer and well-informed citizen in England will put the question to you, "How does the United States expect us to pay them except by the sale of our commodities?" This plain truth is too obvious to need elaboration for an audience of banking readers. The British have the rubber, we have the market for it, and if prices at the moment seem high, they are not higher in relative terms than the prices which the growers had to accept and which would have bankrupted the entire industry to the damage of both producer and consumer if the restriction scheme had not worked as well as it has.

Our own control of raw cotton supplies, which constitute England's principal industrial import, has been practically a natural monopoly with us for more than a hundred years and promises to continue so indefinitely. We paid our debts to England for decades through the sale of our cotton, and England has no means of wiping out her present obligation to us except in the same way.

The British have one final argument in a discussion of rubber and it is very hard to controvert it. They say that if it had not been for their enterprise and their willingness to take a big chance and wait a long time for their money, there would be no plantation rubber industry today, or at least there would be no such plentiful supplies as have made possible the huge development of the automobile industry.

IT IS a fact that British tropical gardeners were the first to transplant and domesticate wild rubber trees, the first experiments having been made by experts from the Royal Botanical Gardens in 1886. Young trees from Brazil were tried out in Ceylon and later in Malaya. The young industry underwent many vicissitudes and a good deal of capital was lost before the pioneers who stuck to their early faith in commercial rubber growing found themselves justified, although even today a great many rubber companies give a large share of their attention to tea growing and other lines in order not to place all their eggs in one basket.

There is a possibility that while Mr. Hoover's remarks and the figures of his department are unlikely to have any effect on the price of rubber, they may well serve to call attention to another great American problem. He is anxious that there should be a

(Continued on page 43)

# We Make It Easy for the Crooks—

## A Banker and Prison Official, Discussing Forgery, Blames the Bankers and Business Men for Prevalence of the Crime

*By* FRANKLIN S. CLARK

FIRST, George A. VanSmith, of San Francisco, is a bank official—vice-president and in charge of credit at the Anglo, London and Paris National Bank.

But when he was a boy his father, who lived in New York, turned him over each year to his grandparents in Jackson, Michigan, and there he attended school. For the Michigan schools were considered especially good. And moreover, his mother had died when he was quite young.





Mr. VanSmith, banker and director of prisons—a view of San Quentin above

At Jackson is the state penitentiary. Under the liberal regime of Captain Hatch, then warden, the prison's trusties were given considerable freedom. They worked on the prison farm and even mingled to some extent with the townspeople, under no surveillance. The boy, George VanSmith, got into the way of playing around the prison and the prison farm outside of school hours. And he got to know the prisoners. Far from objecting, his grandparents even to some extent encouraged him in this. His grandmother often permitted him to furnish a bed to a discharged prisoner for his first night out, and she saw to it that a good supper and breakfast went with it.

That was the beginning of George A. VanSmith's interest in prisons. At the present time, in addition to being a bank official, he serves as president of the California State Board of Prison Directors. It is the duty of this board to fix prison sentences under the indeterminate plan in force in the state, between the minimum and the maximum time specified by law. Before this board come for review the cases of the majority of prisoners in the state's two penitentiaries, at San Quentin and Folsom.

At Jackson Mr. VanSmith says the trusties often told him hair-raising stories of prison life. But they respected his boyish innocence, and never violated the confidence he placed in them. It isn't surprising that prisons have been his hobby. And he has had unusual opportunities for studying them. Before he took his present position with the Anglo, London and Paris National Bank he had traveled the United States quite thoroughly and visited most of its important cities. Since he has been with the bank, for the past eight or nine years, his duties at times have required extensive traveling, not only in this country but in Europe and in Latin America. In his travels he has never failed to visit prisons wherever he could find them.

This is the background of knowledge Mr. VanSmith has of prisons and prisoners. As a banker, naturally he has been especially interested in cases of imprisonment for forgery and other crimes connected with bad checks. He has a two-sided picture of the situation: the banks and business men who are defrauded each year of millions of dollars through bad checks; and on the other hand, of the men doing sentence in prison who have been responsible for it. There is no doubt where his sympathies lie; they are not with the banks and business men. He believes bankers and business men could to a large extent put a stop to the astounding prevalence of forgery, check raising, and kindred crimes in this country if they really set out to stop it.

He had the turnkey's report before him when I talked with him—for San Quentin for the year 1923-24. For that prison the figures showed that more men had been imprisoned for charges connected with bad checks than for any other single offense listed, 238 out of 1,558. Nearly as large in proportion is the number at Folsom, the prison where most recidivists are sent—that is, those who have previously served one or more terms. In general, Mr. VanSmith says this is true throughout the prisons of the country. An astoundingly large number of men are doing time for passing or attempting to pass bad checks.

THE men imprisoned on bad check charges are by no means all professional forgers, he declares. A very large percentage of those imprisoned in the California prisons, he told me, can barely write their own names. "They are there," he told me, "because of the woeful carelessness of merchants and business men." Merchants and business men, he says, are especially blameworthy for the offenses of clumsy amateurs. But bankers, he implies, may often be indirectly responsible, even in cases of this type. A great many of the amateur forgers are men who have not previously committed crime, and would not attempt forgery or become involved with bad checks if they had a proper conception of the seriousness of the crime, or if it were made less easy. This is where the main responsibility with bankers and business men lies, he believes—they make it too easy.

A case he told me of by way of example was that of a young man who is serving a term in San Quentin. In private life he was a public accountant. We won't say what city he was living

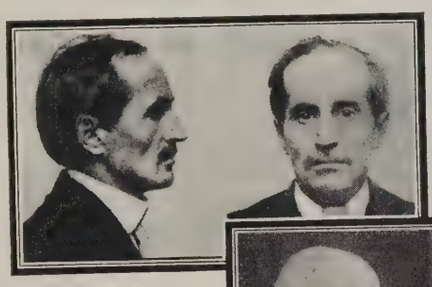
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# and Help Them Evade Conviction

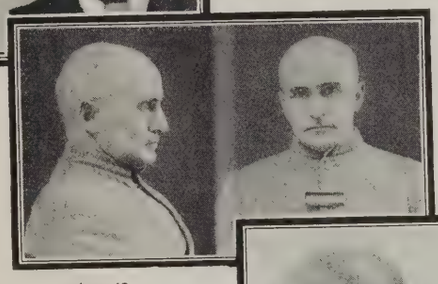
## The Tendency to Compromise, Ignorance of What Constitutes Identification and Other Reasons Why Prosecutions Fail

*By* HOWARD McLELLAN

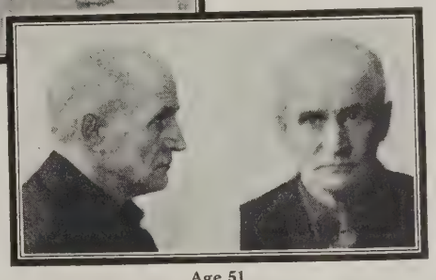
WHY is it so hard to convict bank crooks? The question often has been asked by bankers and in tones that plainly indicate their discouragement. It is quite a shock to see a known crook wiggle out of a case which for all the world looked like it was ironclad. A good many answers have been ventured. Many remote remedies have been suggested and, in general, they are not immediately applicable. Out of an experience of some years with slippery cheats and thugs who specialize on banks, I would offer these answers:



Age 32



Age 42



Age 51

He has served six terms for bank burglary. His features have changed but he has often been identified by his ears which are large and of peculiar structure

The practice of compromising with crooks is too common, and the exchange of leniency for the return of stolen property is an incentive to commit more crime.

Too often lawyers who make a practice of defending professional crooks exclusively are as bad, and even worse, than their clients and are tolerated on the theory that it is better to be with them than against them.

Bank employees are invariably poor witnesses because their testimony lacks the most important element—that of positive identification of the criminal. This is due, generally, to their ignorance of what constitutes identification.

There are, of course, other reasons why prosecutions fail. Weaknesses in statutory law and its lack of uniformity weave a maze of technicalities about the accused criminal and favor him as against his accusers.

Changes in the laws are proposed. They come up for discussion at every bar association meeting and some of them—a very few—are eventually adopted. However, the majority of changes that get into the statutes are favorable to the crook.

It rests within the power of the bank, the prosecuting attorney and the police to take advantage of changes suggested for the benefit of the state and put them into effect immediately. It is impossible, of course, to attain a record of 100 per cent convictions, but the rate of convictions in bank cases is so low that even a small increase in the percentage is greatly to be desired. The percentage of convictions in America is the lowest in the world.

In the first place the forger and yegg belong to a class of predatory criminals who are subjects for practical treatment rather than pathological study. They are not amateur criminals, forced into crime by environment, low mentality or hereditary causes. Theirs are not the crimes of passion. They cheat and rob in a futile effort to live easy or get rich quick. No professional bank crook considers himself a subject for laboratory study. He doesn't know what it's all about; he doesn't even recognize the many syllabled terms science applies to him. Science invents causes for his criminal propensities which he knows, better than anybody else, are not the real causes and he at once ridicules the well-meant effort to treat him as a victim of circumstances beyond his control. It is well to bear this in mind when a plea for leniency is made by a criminal who has never wanted to, and never will, go straight.

Professional crime, particularly that involving banks, has become organized—a glorified, big crooked business, the banks ranged on one side and the army of crooks on the other. Two two-million-dollar robberies within the past year were made possible by organization. Newspapers in carrying the stories of these two major crimes, and many others, unconsciously glorify the bandit's enterprise by "playing up" the details and describing the boldness and dexterity with which the criminals operated. The crook who does not feel his blood tingling and an exaltation of heroism or martyrdom when he reads lurid accounts of his latest exploits, is a rare human being, especially in this day of intense publicity and propaganda. It is well to bear in mind, when dealing with a criminal who suggests compromise, that he is part of a vast organization and to compromise with him is to compromise with the rest of his world. He and his world are sure to take advantage of any display of weakness in your armor.

Here is what happens when a professional bank criminal—and they are all in the game to stay—is arrested. Immediately he gets in touch with a lawyer whose reputation is founded, not upon his legal acumen, but upon his ability to fix things, to compromise and pull off squeeze plays. The names of these lawyers are known to all the thieves—as well known as the locations of state prisons. And if the jailed crook is in a strange town and does not know such a lawyer, the cappers working about the courts and jails will mighty soon get him one.

THE lawyer's first move is to get in touch with the complainant—the bank—to whom the terms of compromise are whispered in an inviting way. The lawyer may agree to return part of the loot—few lawyers have ever returned all of the loot; or he may agree to have his client plead guilty to a lesser offense; and he may even suggest that his client will give up valuable information for his freedom, or leniency—information usually stale and quite valueless—and once having agreed to this plan, the bank and the prosecutor are bound by it. There are a thousand and one ways of weakening the complainant and "pulling him off," as the yegg saying goes.

Failing in these preliminaries the yegg "mouthpiece"—which is the tenderly affectionate yegg nickname for their lawyers—sues out a writ of habeas corpus, or procures a fake alibi for his client. Fake alibis is the yegg lawyer's stock in trade. When this plan fails the lawyer settles down to

fight the case in court and he puts up a pretty good fight since his fee, which is usually a part of the loot, is large and paid in advance by the crook or his pals. A town that refuses to harbor this type of lawyer is the last place in the world to find yeggs.

If the banker or prosecutor "falls" for a compromise, that town is marked on yegg maps as a soft spot and bank interests may expect frequent attacks. Too many cases are reported where a compromise was effected by the criminal's promise to return a part of the stolen loot, the compromise having been hastened by the prosecutor's belief that his case was not strong enough. Within twenty-four hours after the compromises have been effected, in many instances, the accused man or his confederates have resumed operations in that town, getting away with twice and three times the loot.

OTHER instances are known where the prosecutor, with the consent of the complaining bank, let down on prosecutions for check operations because the amounts involved were small and the expense of the trial would be greater than the loss. Within a day or two the town was flooded with bad checks by the selfsame operators who had escaped the toils because their first takings were too small to bother with. And so the next time they increased the size of their bogus paper and got more than enough to see them out of that town and into the next.

On the other hand, there are hundreds of bankers—the general run of bankers are that way—who are governed by an implacable policy to press every case whether it involves a dollar loss or ten thousand. No lawyer dares approach them on the subject of compromise. No shady lawyer cares to operate in a town like that. Such bankers stiffen the backbone of their prosecuting officers. Wherever that healthy situation prevails, there it is extremely unhealthy for the bank crook. The American Bankers Association binds every member to refuse to compromise a crime and that, in part, explains the holy respect of the bank crook for A. B. A. banks.

Prosecuting attorneys constantly need backbone stiffening. They are perpetually besieged by well meaning, but misguided, welfare workers, who would treat the criminal as a sick man. They make it a point to win the prosecutor to their way of thinking. Bankers should be as alert and indefatigable in insisting that their own interests be protected by honest, sincere application of the law. Banks are heavy taxpayers; the wealth of the community is entrusted to their care and they have a right to insist upon adequate protection on the part of public authorities.

I said that when the crooked lawyers have tried and failed with all the usual tricks to defeat the ends of justice, then they settle down to fight the case. That is not as accurate as it might be. More often they settle down to delay the case. Most delays in bank cases are granted by the court at the request of the defense. The prosecutor who submits to these interminable delays is playing directly into the hands of the criminal element. The crook and his lawyers know that banks cannot afford to allow their employees to trot to and from courts to suit the purpose of the crook whose object it is to tire out witnesses and drag the case along until witnesses' memories are dim and the case weakened by old age. This is an old dodge.

It is sometimes urged in behalf of the crook, after he has succeeded in dragging his case on for months, that he has already served enough time to get the full effects of his punishment. It is supposed to be a form of humane treatment to dismiss the case against him and let him go. But at that he laughs up his sleeve. Often the confederates of professional crooks pay them a daily wage for every day they are in jail and remain silent—do not "squeal." The underworld maintains a sort of demurrage payroll to meet this contingency. Jail, under such circumstances, is not so bad. All the time the culprit is imprisoned a bankroll is fattening for him. It illustrates also how well organized is the underworld.

And don't overlook the fact, too, that a compromise to which a bank is party places in the hands of the crook and his lawyer a powerful club. In most states it is a felony to compromise a crime. The banker who participates becomes a target for a nasty form of blackmail.

Crooked lawyers display the utmost disregard for law and flaunt their daring by a common practice of "kicking back" stolen goods when they know crooks are suspected of crime. When the "heat" becomes intense they call up the interested parties and offer to return the loot if the investigation is dropped. Usually they return such loot as stolen bonds, which the crook is anxious to get rid of anyway because they are dangerous to carry around. When an offer of this kind is accepted, what is the result? It simply furnishes the crook with an incentive to work harder and oftener in that community. He goes after bigger loot and charges off the "kick back" as part of his overhead. It just costs him more to operate and he increases his income to meet the added charge. His conniving lawyer made this possible.

Lawyers like this exist in spite of bar association watchfulness—often because he is a political power and can "throw" more important cases in the way of lawyers of higher standing. He can usually bestow favors with a lavish hand. He has it in his power to promise protection from yegg attack to his friends and he has the power to clean the yeggs out of his community with one fell swoop—if he would.

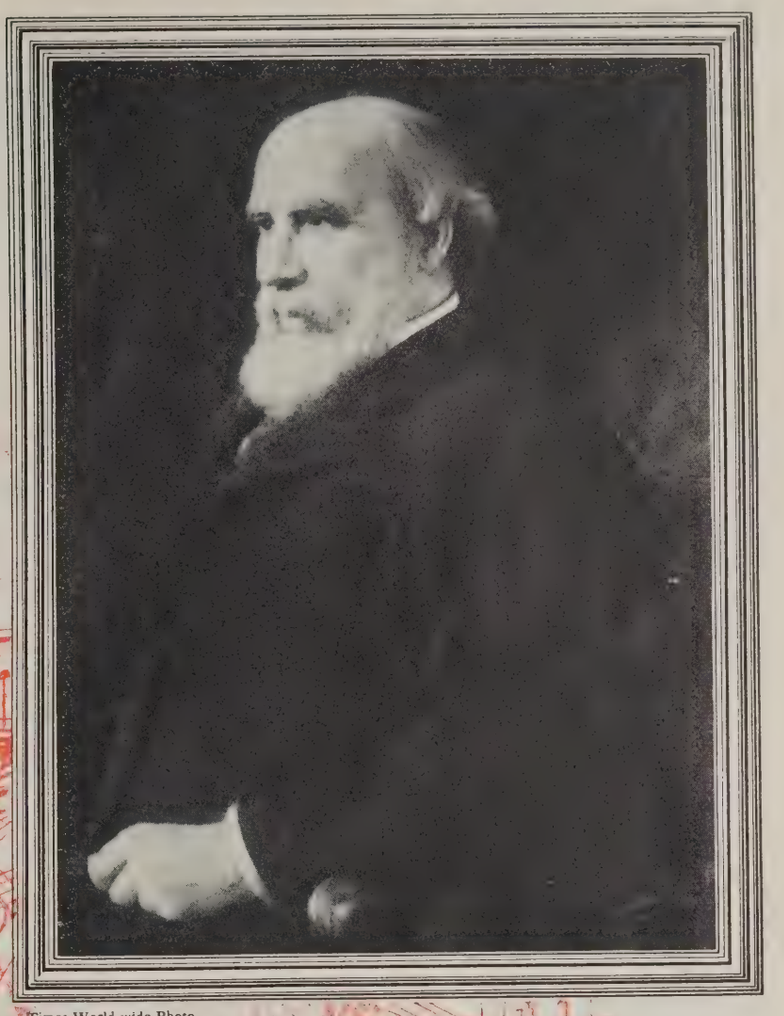
IF EVER a uniform law is passed similar to that which helps the United States Secret Service by making it an offense to withhold information or shield a criminal for whom that efficient service is hunting, there will be fewer yegg lawyers. When a Secret Service operative presents his card and asks

(Continued on page 45)



The warden addresses the prisoners at San Quentin





Times World-wide Photo

JAMES J. HILL
1838 - 1916
Builder of the
Great Northern
Railway System
and
Trans-Pacific Fleet

# *Why Did This Man Succeed?*

"Ample and accurate information is the best step toward success for every one."

So wrote James J. Hill, directly from his own vast experience.

The first step in each of his ventures was careful study and, if facts were not available, painstaking original investigation—then, certain of his methods for creating traffic, he organized his railways and shipping.

### *Facts and Methods In Today's Business*

Kardex Institute specialists keep you abreast of advances in business information and business management methods. Increase the profit making power of your business by using their researches. Kardex Institute is organized to serve as your individual research department.

Concise weekly bulletins keep you in touch with the foremost business thought. The Institute staff is available to members for consultation on individual business problems.

As Kardex Institute is not operated for profit the membership fee is fixed at the nominal sum of $10.00 yearly.

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Position _____

Kind of Business _____

Street _____

City _____

State _____

17386

# These well-known bankers

## enthusiastic about national business building campaign

*Recently a great nation-wide banking program was conceived. It is now showing every bank in America a way to increase deposits.*

EVERY month 20,000,000 magazine readers are shown in a powerful, interesting way why their bank is the most valuable business connection they have. Why a checking account makes their money go farther.

Will this campaign, being run by the Bankers Supply Division of The Todd Company, increase deposits of American banks?

***See what these bankers say***

Leading banks predict it will have a tremendous influence on increased business. The following letters show how enthusiastic they are.

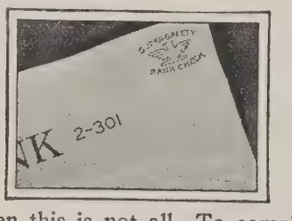
One writes: *"I want to put into every one of my customer's hands the two-page advertisement running in The Saturday Evening Post this week."*

Another, *"Would you object to one or more local banks using parts of your advertisements in our local newspapers?"*

Another, *"Permit me to congratulate you. It is indeed wonderful bank advertising."*

And so they run. Bankers from all sections of the country—big cities and small towns—all enthusiastically endorsing our great and complete program for increasing the net profits of banks everywhere.

This campaign also acquaints checking account customers with the protection features of Super-Safety Bank Checks. Thousands of banks now use them as an important means of securing new depositors.




Even this is not all. To complete this tremendous program actual advertisements have been prepared which *you* may now use in *your own local papers.* They are the work of some of the best known advertising brains in America. With them come various tested plans which have helped others build business.

Let us send you information showing what they will accomplish for your bank. Write now.

SUPER-SAFETY BANK CHECK

*Super-Safety Bank Checks protect depositors against check fraud. They are made of the safest check paper supplied by any bank.*

BANKERS SUPPLY COMPANY, Division
THE TODD COMPANY
5948 So. State Street, Chicago

*Business-Building Merchandise for Banks*

New York Rochester CHICAGO Denver Dallas


# The Compound Interest Column

*By* DON KNOWLTON

TIME, autos, radio and advertising have changed all things.

"Who is that smart-looking, alert, well-groomed, prosperous-looking fellow with a cane and a new Panama, who just drove up in that salmon-colored roadster?" asked one vice-president of a large metropolitan bank of another vice-president.

"He?" replied the second V.-P. "He's one of our country bankers. President of a bank at Bang's Corners, down-state—town of seven hundred—you know, hick burg. Why—did you think he was a New York capitalist?"

Sign placed on the desk-blotter of the hot-tempered V.-P. who slammed things—"Please replace all turf cut in play."

## TODAY

*(with apologies to you-know-who)*

**4.4 Per cent.**
**Applesauce.**
**Squeakless Shoes.**
**Exchange.**

AMERICANS journeying in Canada are now getting 4.4 per cent for their money.

Whether this will or will not affect the interest rate in this country, and if so, how much, will no doubt remain to be seen. However there seems to be little question but that certain causes may perhaps produce certain results. Circumstances may alter cases, but in the main occurrences eventuate.

This will be of interest to bankers.

APPLESAUCE, says the *Silo and Barnyard Gazette,* is losing favor with the coming generation.

It is said that applesauce was an invention of the early Puritans, designed as a means of mortifying the flesh, and used as a diet upon which to place mild sinners by legal mandate. Since that time it has degenerated into a boarding-house byword and a stock-in-trade for advertising men.

A strong publicity campaign by the fruit-growers, urging a revival of good, apple-saucy mortification of the flesh by the youthful appetites of today, would benefit both producer and adolescent consumer.

Fruit is a subject worthy of careful digestion.

A MAN in New York has invented a squeakless shoe.

The race advances. Science triumphs.

There was a time when a prophet of the telephone, of the automobile, of the radio, would have been tarred and feathered. Now we are less skeptical. Even the squeakless shoe lies within the bounds of imagination.

Shoes will be made squeakless. If not by this discoverer, by another. Some day perhaps we will not wear any shoes at all.

FOREIGN exchange continues to fluctuate.

Students of the subject state authoritatively that we may look for a decisive movement of exchange during the next year. Whether up or down, is a matter for speculation.

However, it is certain that as long as things are as they are, matters may not be expected to be much different.

The attitude of the United States will affect the situation only insofar as the situation will be affected by the attitude of the United States.

This will be of interest to orchid-collectors.

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Looking for something new in the way of novelties? Allow me respectfully to suggest:

Imitation dill pickle for paper-weight. Provides useful diversion for hungry salesman.

Non-opening jackknife for children. It will not wound.

Fattening tablets for light depositors. Will build up their accounts.

Iron signet ring. Guaranteed not to become worn.

Imitation canary birds. They need no feeding.

Gelatin shirt-studs—they dissolve. May be left in the garment (at two A. M.) and thrown down the chute. New pair at the bank on Monday.

Guyser fountain pens. Will get ink on anything.

Colored glass all-day-suckers. A good joke on the kiddies.

### *Why Some Budgets Go Wrony*

Said he, as he watched his wife drudge it.
"My dear, why not keep you a budget?
Really now, wife of me,
Why, for the life of me,
Can't you keep track of my jolly old jack
Without so much holler—
And catch me that dollar
We're trying to collar for fear it will rain?
The way that you spend simply gives me
a pain!"

"Say, listen," said she, arms akimbo,
"Cut out the big talk, you poor bimbo!
Budget? Oh, piffle!
We're over the riffle!
I don't care whether it's fair or bad weather—
For lookee, old fella,
I found where they'd sell a
One dollar umbrella—and now let it rain—
The way that you crab simply gives me a
pain!"

## ECONOMIC TRENDS IN THE ELECTRICAL INDUSTRY




# Have all the big Electrical Discoveries been made?

History abounds in stories of men who at the dawn of the great industrial era in this country, pulled up stakes and left New York, Boston, Philadelphia, and other eastern centers because, they said, "these cities are as large as they can ever become; all the opportunities here are gone."

So rapid has been the rise of the electrical industry that it takes a phenomenal development like radio to remind men how young the industry really is, and what boundless fields of service surround it on every side.

Four years ago radio meant as little to the average American citizen as do the theorems of calculus. Today it approaches being a necessity. Last year's sales of radio apparatus reached the astounding total of $350,000,000. In all the annals of business this feat of literally picking a gigantic industry out of the air goes unparalleled.

Yet radio is merely one corner of the huge world which electrical genius is exploring.

WESTINGHOUSE ELECTRIC & MANUFACTURING CO.
EAST PITTSBURGH, PA.

# Westinghouse

It was back in the days of wireless that two Westinghouse men, to settle an argument over the accuracy of their watches, built a simple set of radio receiving apparatus. Out of their experiments came KDKA, the pioneer broadcasting station of the country. Other Westinghouse stations are KYW, WBZ, KFKX.

# A Newspaper Within a Newspaper

## A Large New York Trust Company Which Publishes a Little Paper in its Newspaper Space—New Business Ideas

*By* T. D. MACGREGOR

TELLING a news story in a news way, the Manufacturers Trust Company of New York used full and half-page advertising space in English, German and Jewish dailies of New York for reproduction of a miniature newspaper announcing absorption of the Fifth and Gotham National Banks by the trust company. The double banner line on the page advertisement read: "Fifth and Gotham National Banks Now Units in Manufacturers Trust Company System." Then, in the right-hand column, followed the main story on the consolidations.

A two-column editorial on the left side of the page told of "Unit Banking" as created and developed by the Manufacturers Trust Company. This editorial, signed by the president, Nathan S. Jonas, concisely explained how each office of the Manufacturers Trust Company System is a complete, separate unit—practically an independent bank.

Other top heads in the "newspaper" told of the growth of the Investment Department and of the many clerks who have risen to become officers. Centering the page was a picture of Henry C. Von Elm, who was a discount clerk in the Manufacturers National Bank of Brooklyn when it was absorbed. He is now a vice-president and head of the Credit Conference Committee.

In listing the addresses of the fifteen unit offices of the company, a novel method was used to show the broad coverage of the Manufacturers Trust which has offices in four of the five boroughs of Greater New York. Each address was followed by the name of the office and then by a short description of the zone in which it is located.

Although the Manufacturers Trust Company now is one of the largest banks in the country, with resources of approximately $220,000,000, the size of the institution was not stressed in the advertisement. Instead, emphasis was laid upon the complete services at each of its unit offices.

The advertisement was one of a series of "newspapers" which the company has been running in New York papers. Others had as leading articles the merger of the Yorkville Bank with the Manufacturers Trust Company and the opening of a new banking office in the Bushwick section of Brooklyn.

A LITTLE monthly paper or magazine has special advertising advantages for a bank or trust company. The advantage of periodic publication and news value is not possessed to such an extent by other printed matter. The articles and illustrations intrigue the interest of the reader and secure a receptive mental attitude for the advertising message which the publication carries incidentally. It is rather expensive for a bank to get out a fully



# FIFTH AND GOTHAM NATIONAL BANKS NOW UNITS IN MANUFACTURERS TRUST COMPANY SYSTEM

### UNIT BANKING

As Created and Developed by the Manufacturers Trust Company

What It Is — How It Works

The Manufacturers Trust Company has fifteen unit offices in Greater New York.

Each office is a complete, separate unit—practically an independent bank.

Each unit office is equipped for complete banking, trust, and investment service, not depending upon the Principal Office for any of these services except in an advisory way.

Each unit office has its own directing officers who have full power to make decisions promptly and finally.

Each unit office is backed by its own strength and the resources of the entire institution, approximately $220,000,000.

**Mergers That Make Better, Stronger Banks**

Twelve of these offices were acquired in mergers which, contrary to the usual result in absorptions, gave the districts served by these banks complete unit offices with added strength and facilities instead of just branch banks with most of their services transferred to main offices.

De-centralization into strong units—not centralization—is the policy of unit banking. As a result, every merger into the Manufacturers Trust Company "adds to" instead of "takes from" a district. It gives a neighborhood every service which an absorbed bank previously gave, then adds other services which individual banks of smaller resources can not perform and which branch banks usually do not perform.

Proof that districts served by these merged unit offices appreciate and welcome such increased facilities is shown by the progress of the twelve merged banks. Each has grown far larger since absorption, one quadrupling deposits in the seven years it has been a unit in the Manufacturers Trust Company.

**Every Unit Office Makes Its Own Loans**

When you apply for a line of credit at any office of the Manufacturers Trust Company, your application is acted upon promptly at that office.

The unit system plan works this way: An office may have a number of trained loaning officers, each with a different limit on the amount of the bank's funds he can lend. For instance, a junior loaning officer (depending upon his experience), without consultation with any other officer, can lend up to a certain amount. Another more experienced officer can lend a larger amount. The senior officer in charge of the office can lend still more. If a combination of two or three officers agree that an even larger loan is justified, they can make it, within fixed limits—without reference to any other office of the company.

Under the unit system, a decision on a loan may be obtained promptly at the office where you bank and where you are best known.

**Each Office Complete Unit In System**

As in loans, so in all commercial banking matters, investments, trusts, foreign banking. Each unit office of the Manufacturers Trust Company stands complete, taking active part in the business of the district it serves.

Through the unit plan, fifteen widely-separated districts in Greater New York receive neighborhood banking completely attuned to their individual needs. And yet each office provides the district it serves with all the facilities of a great banking organization having large resources and connections extending to every part of the world.

Through this plan, fifteen offices are as one, one for all, and all for one. This is the system of unit banking as created and developed by the MANUFACTURERS TRUST COMPANY.

NATHAN S. JONAS, President.

### Mergers Bring Opportunity To Clerks In Banks

*Many Employees of Absorbed Institutions Become Officers Of Manufacturers Trust*

The Manufacturers Trust Company had absorbed or merged with ten other banks since it was organized in 1905 and today there are officers of high rank with the Manufacturers Trust Company who were minor clerks when the institutions with which they were connected were absorbed.

Just a single example: Of clerks with the Broadway Bank of Brooklyn when it was absorbed in 1911, one now is a Vice-President and Secretary of the Manufacturers Trust Company, one is Vice-President in charge of offices in Brooklyn and Queens, and three are Assistant Secretaries.

PRINCIPLES GOVERN MERGERS

In every merger, two principles guide the Manufacturers Trust Company:

First: The merger must give the district served by the absorbed bank a more complete institution than before.

Second: Every employee in the absorbed bank must have a better opportunity for advancement than he had before.

When the Manufacturers Trust Company absorbs another institution, its sole idea is to build a better bank for every customer. New departments usually are added, for every office of the Manufacturers Trust Company must have five complete departments—commercial, trust, investment, thrift and foreign.

PERSONNEL LITTLE CHANGED

This strengthened and with greatly increased resources, the merged bank starts out as a separate unit as fully equipped as all the other units in the strongly welded chain. Its personnel, however, has been changed but little. Virtually all persons who greeted customers of the bank before the merger still are there—old friends of the district.

### Officer Heads Credit Conference Committee



Henry C. Von Elm

When the Manufacturers National Bank of Brooklyn was absorbed by the Manufacturers Trust Company in 1914, Henry C. Von Elm was a discount clerk in the former institution.

Four years later when the West Side Bank became a unit office in the Manufacturers Trust Company System, Mr. Von Elm was placed in charge of that office with the title of Assistant Secretary. In 1918, at the age of 23 years, Mr. Von Elm was promoted to the office of Vice-President and when the Columbia Bank was absorbed in 1922, he was placed in charge of the Fifth Avenue and Forty-third Street Office.

Today, 11 years from the time he started with the Manufacturers Trust Company, Mr. Von Elm is Vice-President in charge of the Fifth Avenue Office and also is head of the Credit Conference Committee.

Mr. Von Elm is President of the New York Chapter of the Robert Morris Associates, the national organization of bank credit men.

He is equally and deservedly popular with both our customers and our organization.

### *No Hard And Fast Rules For Extension of Credit*

"What are your rules for extending credit?" persons sometimes ask the Manufacturers Trust Company.

We have no rules. A statement's balance and statement do not automatically determine the line of credit to be granted. Each case is handled on its own merits.

### You May Have Bonds Analyzed Without Cost

*Investment Department Of Manufacturers Trust Surveys Holdings for Customers*

Our Investment Department has a broader purpose than simply selling sound securities. Through this department, the Manufacturers Trust Company constantly seeks to show customers the value of good bonds.

One of the ways it accomplishes this is to analyze securities for customers without cost. Investment experts of long experience will gladly make surveys of your securities and will furnish you with individual typewritten reports on their correspondence together with suggestions as to changes and reinvestment, if necessary.

HOW TO OBTAIN SERVICE

To obtain this service, write the Investment Department at the Principal Office, 139 Broadway, enclosing a list of your securities or call at any of the fifteen unit offices in the four boros of Greater New York.

Investment advice also is given without cost at the Manufacturers Trust Company. You may obtain it at any office and you may buy bonds at any office—bonds carefully selected by experts who have sought securities which they believed made the highest returns consistent with absolute safety.

OFFICIAL BOOK ISSUES FIGURES

Although recently installed as a separate department, the Investment Department, under the supervision of Arthur S. Kleeman, has brought out many important issues. They include the A. I. Namm First Mortgage 6½ Sinking Fund Gold Loan, $4,000,000; New York Central Electric Corporation's First Mortgage 5½% Gold Bonds, $1,500,000; The Pictorial Review Company, First Mortgage Convertible 8½% Gold Bonds, $2,250,000; American Hosiery & Bodenberg Corporation 7% Cumulative Participating Preferred Stock, $1,250,000, and J. C. Penney Building & Realty Corporation 6½% Serial Gold Bonds, $1,750,000.

### Two Newest Mergers Bring Realization Of Twenty Year Dream

*Founders of Manufacturers Trust Company Planned Such Chain When First Office Was Opened*

A dream of twenty years became realization today with the completion of arrangements by which the Manufacturers Trust Company takes over the Fifth National Bank and the Gotham National Bank and operates them as unit offices in its city-wide banking system.

The Fifth National, 181 East Forty-third Street, corner of Lexington Avenue, opens today as the Forty-third Street Office of the Manufacturers Trust Company. The Gotham National, 1619 Broadway, at Columbus Circle, now is the Columbus Circle Office of the Manufacturers Trust Company.

The group of men who founded the little Citizens Trust Company in the Williamsburgh section of Brooklyn twenty years ago, very men of vision and imagination who had welcomed each step in the days of expansion.

3 YEARS OR LIT FUSE‑FOR‑FUSE

Those men were headed by Nathan S. Jonas, who then was President of the Citizens Trust and now is President of the Manufacturers Trust, the outgrowth of the Citizens Trust.

The founders dreamed of a personal service backing institutions with a few hundred million dollars on deposit, capital and surplus in proportion, and about a dozen offices strategically located along the line of the city's rapid progress. And they set to work to accomplish their plan.

It took seven years to lay the foundations for the expansion which was to come, seven years of patient, disappointing effort, during which the little trust company successfully weathered the great panic of 1907. It emerged from that period of stress with the fullest confidences of the Williamsburgh community which it served, and ready for the first step of the founders toward the achievement of their goal.

FIRST MERGER IN 1913

The merger in 1913 of the Broadway Bank into the Citizens Trust Company was the first of a series of mergers, which included the Manufacturers National Bank of Brooklyn, the West Side Bank of Brooklyn, the Industrial Bank of New York, the Columbia Bank of New York, and, about two months ago, the Yorkville Bank of New York.

The present combination emerges through the purchase of the Gotham National Bank and the Fifth National Bank rounds out the plans conceived 20 years ago. With resources of $220,000,000, capital and surplus of about $12,000,000, and deposits of approximately $190,000,000, the Manufacturers Trust Company now directly approaches the vision and ideals of the founders.

NEW UNITS IN TWO BOROUGHS

Founded in 1904, the Fifth National Bank was one of the oldest national banking institutions in New York.

The last published statement of the Fifth National Bank showed capital of $1,200,000, surplus and undivided profits of $1,462,212.65 and deposits of $15,393,276.14.

At Columbus Circle, the Hub of New York and the starting point of all motor trails from the city, the Gotham National Bank has served one of the fastest growing districts in Manhattan.

The Gotham National was founded in 1919. The last published statement showed capital of $1,500,000, surplus and undivided profits of $646,200 and deposits of $17,804,000.

### Services Performed For Our Customers

***Banking Department***

Checking Accounts—Customers having checking accounts are encouraged to confer with officers on business and financial matters. Out-of-town checks are collected free of charge and interest is paid on daily balances at a rate in keeping with the size and activity of an account. A statement of deposits and withdrawals is mailed to each customer on the last business day of the month.

Financing—Consistent lines of credit are provided for sound business and loans also are made on collateral.

Collections—The Manufacturers Trust Company makes collections on drafts, notes and other business paper.

Information—The Manufacturers Trust Company provides accurate and first-hand trade and credit information.

***Trust Department***

Executor and Trustee Under Will—The Manufacturers Trust Company acts as executor and trustee and co-executor and co-trustee under wills.

Voluntary Trusts—As trustee under a voluntary trust, the Manufacturers Trust Company manages funds set aside for a specific purpose.

Life Insurance Trusts—As trustee under a life insurance trust, the Manufacturers Trust Company pays to beneficiaries certain stated amounts determined by the maker of the trust, at periods selected by the maker.

Custodianship—Many business men with large investment holdings establish custodian accounts with the Manufacturers Trust Company. The company cares for the securities in its own vaults, frequently checks up, clips coupons, remits interest to holders and endeavors to watch for called bonds, stock rights, etc. Funds from maturing securities are promptly reinvested if the owner desires.

Trusteeship in Business Matters—The Manufacturers Trust Company is completely equipped to serve as a stock transfer agent and registrar of securities for corporations, as trustee under stock issues and corporation mortgages, as attorney-in-fact and in all other fiduciary capacities.

***Investment Department***

Information—The investment specialists of the Manufacturers Trust Company analyze bond and investment holdings of customers free of charge.

Sales—The Manufacturers Trust Company never offers a customer a security that it has not very carefully investigated.

Refinancing—Sound business and industrial corporations which need refinancing to take up temporary loans, matured bonds, etc., find the Manufacturers Trust Company works with them wholeheartedly and to their entire satisfaction.

***Foreign Department***

Financing World-wide banking connections enable the Manufacturers Trust Company in finance exports and imports to and from all parts of the world.

Letters of Credit, Travelers' Cheques—You may travelers' cheques and arrange for a letter of credit at any office.

Information—The latest foreign exchange quotations always are available.

***Thrift Department***

All Manufacturers Trust Company offices have Special Interest Departments. Four per cent. compound interest is paid twice each year on all accounts of more than five dollars. As little as one dollar will open an account.

***Safe Deposit Department***

Most of the offices of the Manufacturers Trust Company have modern safe deposit boxes.

### FIFTEEN CONVENIENT OFFICES IN 4 BOROS

**BORO OF MANHATTAN**

**139 Broadway, at Cedar Street.** Principal Office—In the heart of the world's greatest financial and business district.

**461 Eighth Avenue, corner 34th Street.** Eighth Avenue Office—In the center of the women's wear, cutting-up, fur and millinery districts.

**346 Fourth Avenue, corner 27th Street.** Fourth Avenue Office—At the cross roads of the silk and woolen trades.

**513 Fifth Avenue, corner 43rd Street.** Fifth Avenue Office—Serving the stores and the shoppers of New York's exclusive retail district.

**415 Broadway, corner Canal Street.** Canal Street Office—At the world's greatest cotton goods center.

**1511 Third Avenue, corner 85th Street.** Yorkville Bank Office—For many years the financial center of the great Yorkville District of Upper Manhattan.

**1619 Broadway, at Columbus Circle.** Columbus Circle Office—At the heart of Uptown New York and in the center of the world's greatest Automobile Row.

**131 East Twenty-third Street, corner Lexington Avenue.** Twenty-third Street Office—Conveniently located in one of the busiest centers of Midtown New York.

**BORO OF BROOKLYN**

**774 Broadway, corner Sumner Avenue.** 774 Broadway Office—The first home of the Manufacturers Trust Company which was started in the Williamsburgh section of Brooklyn.

**84 Broadway, corner Berry Street.** 84 Broadway Office—Serving many of the great industrial plants in one of Brooklyn's large manufacturing centers.

**225 Havemeyer Street, near Broadway.** Williamsburgh Bridge Plaza Office—At the center of the important commercial and industrial district which radiates from the Williamsburgh Bridge Plaza.

**818 Grand Street, corner Bushwick Avenue.** Bushwick Office—Serving the rapidly developing residential and industrial section of Bushwick.

**190 Joralemon Street, near Court Street.** Joralemon Street Office—But a step from Borough Hall at the center of Downtown Brooklyn.

**BORO OF BRONX**

**1042 Westchester Avenue, corner Southern Boulevard.** Bronx Office—Serving both the business houses and the homes of The Bronx.

**BORO OF QUEENS**

**1696 Myrtle Avenue, corner Cypress Avenue, Ridgewood.** Ridgewood Office—Conveniently located to care for the wants of this district of homes.

**Manufacturers Trust Company**

**Resources—$220,000,000**

individual house organ. Practically the same effect is obtained by the use of a syndicated publication and the cost is much less. The local touch can be supplied in the space allowed for the imprint or advertisement of the institution putting out the periodical.

EVERY TRUST prospect has certain fixed habits, prejudices, etc., which control his course of action in most cases. Those that have a bearing on trust matters have been classified along such lines as these: His attitude towards his beneficiaries and toward his own and his wife's relatives; his opinion regarding various classes of investments; his views regarding wills, the laws of descent, taxes, etc. As a rule, a trust prospect receives a solicitor from an institution of trust with some reluctance because the idea of discussing intimate personal affairs with a stranger does not appeal to him. But he can be reached through his vulnerable point if you can learn what that is. One authority on this subject suggests that to find the proper point of contact the solicitor should be quick to sense any reaction, expression or gesture in conversation which might indicate in what direction the prospect's special interests lie. Then appeal to him along that line and show how trust service can solve his problems.

THE RESULTS from school saving in a moderate-sized Minnesota community are interesting to bankers everywhere. The plan started a year and a half ago when there were 2,066 pupils in twelve school buildings. In three months there was a 100 per cent enrollment of pupils in the savings bank and the school savings deposits totaled $6,158.90. At the end of the school year the percentage of depositors to total school enrollment was still 100 per cent and the total of school savings deposits in the bank was $9,878.16. A rather unlooked for result was an increase of about $30,000 in the regular savings deposits of the bank during the first three months following the installation of the school savings work. This was attributed to the good will and friendly feeling created by the operation of the school savings bank.

IN THE MAIN lobby of a St. Louis trust company is an information and floor manager's desk. It is daily besieged by scores of people who submit every variety of query. The monthly publication issued by the company recently presented a transcript of the questions asked in one day as indicating the many different ways in which customers expect a company to serve them. In most cases the information man has the answer on tap, but if he requires special knowledge or technical information, the inquirer is put in immediate touch with the proper officer or department. This desk is a first aid to the New Business Department because one of the duties of the man in charge is to get the names and addresses of inquirers wherever possible. Many of these persons are prospects for one or more departments of the institution.

# For Statement Envelope Waste Space

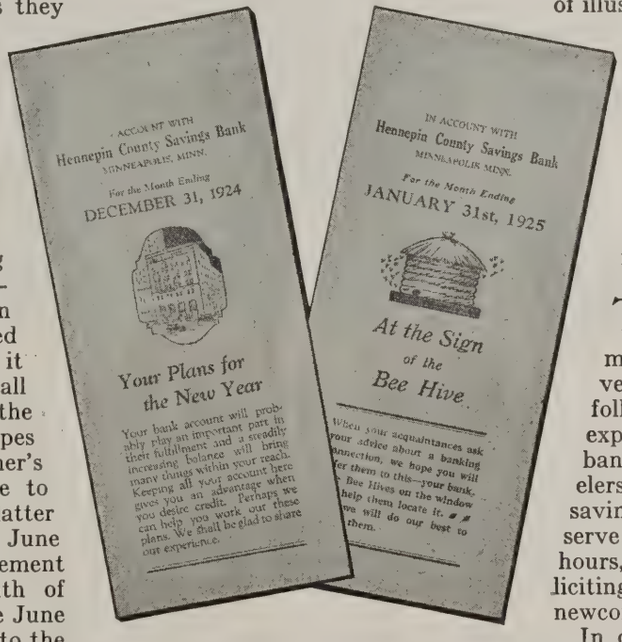
*By* MINNIE A. BUZBEE

Hennepin County Savings Bank
Minneapolis, Minn.

SOME banks put their customer's monthly statement in the pass book, place a rubber band around it and hand it out. Sometimes they insert material advertising some feature of the bank; sometimes not. Some other banks put their statements in an open folder, sometimes containing advertising material. Still other banks use a statement envelope.

The Hennepin County Savings Bank, of Minneapolis, for a good many years has used a strong dark envelope for monthly statements. Each customer has an envelope into which his cancelled checks are placed each day so it is a simple matter to get them all together for the statement at the end of the month. These envelopes are stamped with the customer's name a month before they are to be delivered. For instance, the latter part of May envelopes dated June 30, are delivered to the statement clerk so that during the month of June they may be filled with the June cancelled checks to be delivered to the customer July 1.

As formerly used, these envelopes were blank except for the name of the bank, the name of the customer, and the date. The envelopes for each month looked exactly alike except for the difference in date which would not be noticed quickly. Last year the bank began making use of the blank space on the envelope for the purpose of advertising. The result is a much




more attractive envelope, with different copy and different illustration each month.

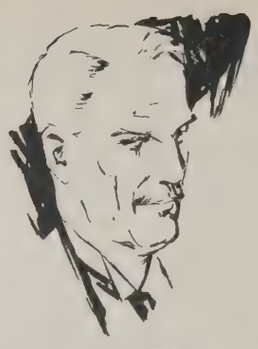
In order to get an envelope that would stand the daily handling without becoming torn and soiled, it was necessary to make the envelope of a heavy gray stock. This did not lend itself to a variety of colors. After experimenting it was decided that a dark blue ink made the best impression on the gray material, so now all the envelopes are printed in the same color. The variety is gained through change of illustration and copy.

The bank that has several different departments—such as trust, safe deposit, bond—will find this an excellent means of keeping customers in the checking department informed in regard to the other departments, an important matter which is too often neglected.

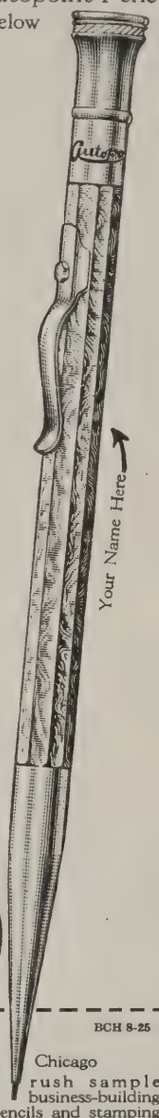
THIS particular bank does not have these various departments, but through the year its envelope messages have covered the following subjects: announcing an expected move, the convenience of banking in the new location, travelers' checks and foreign exchange, savings accounts for the family, reserve accounts, Saturday night banking hours, consultation with officers, soliciting a good word for friends and newcomers.

In other words, through the space on the envelope which had formerly been wasted, the bank is helping the customer become a little better acquainted with its services and its ideals.

The copy is short and easily read, placed on a medium that is handed to the customer at his own request, and right side up. Usually it is read before the customer leaves the statement window.



**FREE**
**To Executives**
A beautiful sample Autopoint Pencil
See coupon below




# Build Business!

***Use this wonderful new pencil to increase sales***

**Learn the experience of thousands**

NOW you can give a souvenir that will definitely show you great gains in dollar business. A souvenir that everyone admires, everyone likes. One used today by thousands of big manufacturers, banks, industrials and private individuals. Companies like: Standard Oil Co., Westinghouse Electric Company, Chatham & Phenix Bank (New York), Illinois Central R. R., Simmonds Saw & Steel Company, and many others.

You cannot afford to overlook this big bet. It is the best thing that has gone on the souvenir market for years.

This new sales builder is the Autopoint Pencil.

It cannot jam or go wrong, for it has no complicated parts. There are just two parts that move. Feeds from the tip instead of the top. Made of Bakelite, the world's most beautiful finish, in a wide range of colors. Leads come in all colors and in any degree of hardness and softness you wish.

Autopoint is offered in a wide range of prices, with silvonite tips or gold tips, each with its own distinctiveness, its elegant rich quality. Stamped with your name or name of person you give it to included, in quantity prices. Nothing like it offered before. Widely advertised nationally — everyone knows Autopoint. When you give it, people appreciate it. It puts your name before the man you want to reach. The best ad possible.

Today send the coupon for further particulars—find out about our attractive prices, about stamping names, etc. May be had in individual boxes.

Let us send *you* a sample. Free to any executive. Simply attach the coupon to your letterhead. Do not delay—act NOW.

*Made of Bakelite*

AUTOPOINT COMPANY BCH 8-25
4619 Ravenswood Ave., Chicago
Without obligation, please rush sample Autopoint Pencil, your business-building gift proposition, prices of pencils and stamping and full information. I attach business card or letterhead.

*Name*.....
*Position*.....
*Company*.....
*Address*.....

**Autopoint**
*"The Better Pencil"*
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## If You Sell to Banks or Bankers

*THE* Burroughs Clearing House is your best buy. One or more bank executives in every bank in the United States and Canada receive a copy monthly. Ask any banker whether he reads The Burroughs Clearing House. Ask him, too, how many others in his bank read his copy after he is through with it.

*Write for Rate Card.*

THE BURROUGHS PUBLICATIONS
BURROUGHS AND SECOND
DETROIT .. MICHIGAN




## The Riddle of Long Time Prices

(Continued from page 7)

other operating expenses became so high that there was no longer any profit in the business. It was, then, the lessened demand for gold, coupled with the enhanced need for certain types of commodities, that brought about the sharp rise in the price level characterizing the period from 1914 to 1920.

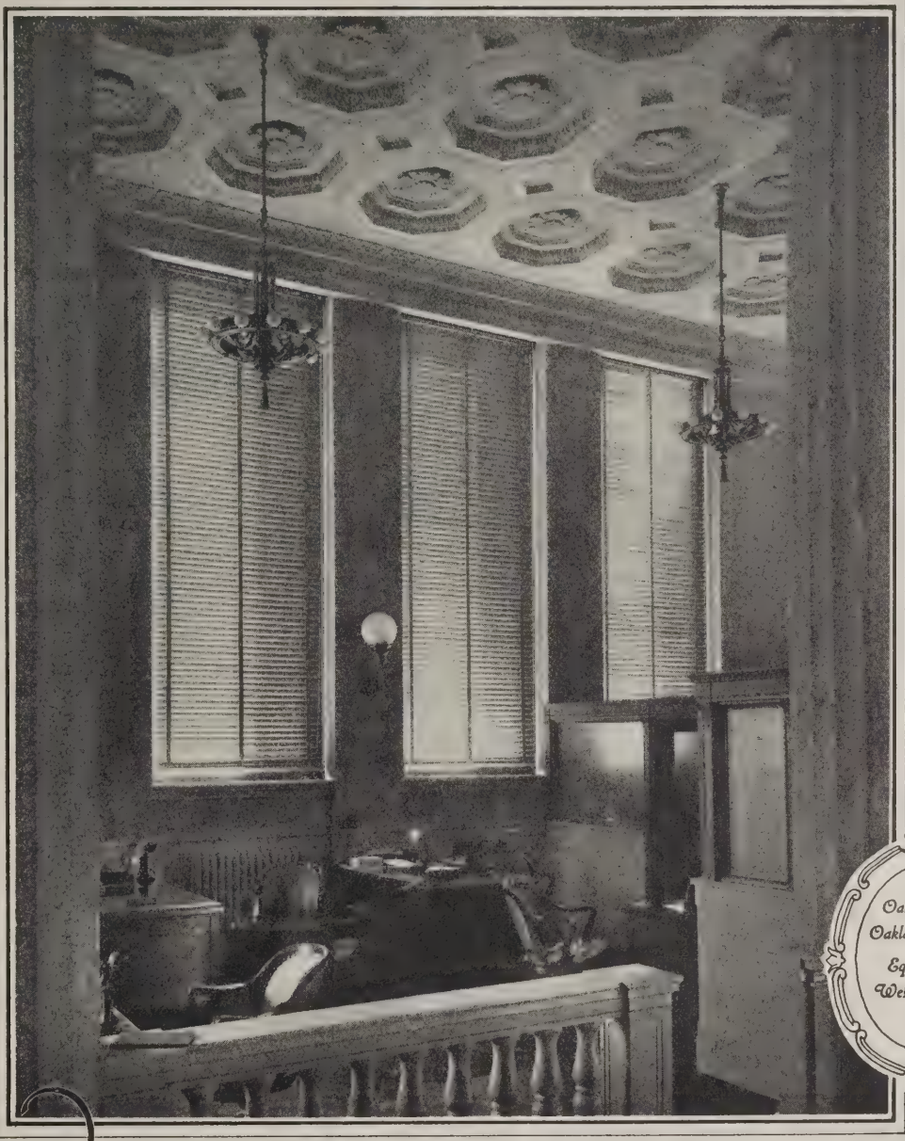
When wholesale prices in all countries were converted to a common gold basis, as has been done by the Federal Reserve Board,* it is seen that the movements of prices in the different nations of the civilized world are very similar, indeed. A little consideration will show one that it could not well be otherwise if the articles making up the wholesale price index are largely those that enter into international trade. Such articles are not likely, on the average, to be much more costly in one country than in another. True, because of trade advantages and tariff restrictions, certain articles are much higher in the United States than in England, and vice versa, but all countries have imports and exports, and tariffs and freight rates work both ways. Under such circumstances, it is not at all surprising that the Federal Reserve Board figures show that a rise or fall in the price level in one country is almost sure to be accompanied by a similar movement in the other countries. Doubtless, the correspondence between the price movements in different nations would not be so close if the index numbers used covered the prices of all types of commodities and all services, for many important services, such as housing, cannot be exported and it is perfectly possible for rents to double in one country, at the same time that they are falling in another.

Even though there are such exceptions, however, the fact remains that changes in gold prices in different parts of the world are so similar that they invalidate the frequently expressed view that forces within a single nation are to be credited with or held responsible for the price changes.

IT IS probably true that, during the period 1916 to 1920, prices were driven forward by another force in addition to the reduced demand for gold. This other force affected in the main the prices of indirect goods, that is, of those goods not used for direct consumption. The prices of these indirect goods, such as labor, machines, and raw materials, are determined primarily by guesses concerning the future value of the articles which they are expected to produce. The current prices of

* See *Federal Reserve Bulletin*, August 1923, p. 921 and April 1925, p. 274.

(Continued on page 32)



*Oakland Bank, Oakland, California*
*Equipped with Western Venetian Blinds*

# *The* Modern Way to *Control Daylight*

. . . *Flashes* of glaring sunlight eliminated. Bright sunlight changed to restful, subdued daylight. The intensity of daylight easily regulated. Proper distribution of daylight automatically accomplished . . . This is the remarkable service rendered by Western Venetian Blinds . . . recognized by banks everywhere as the modern way to control daylight. . . . And, moreover, Western Venetian Blinds provide for regulation of ventilation without interfering with daylight control.

*Secure complete information on this modern window equipment now used by more than 3500 banks.*

NEW YORK
CHICAGO
KANSAS CITY
PORTLAND, OREGON

## Western Venetian Blinds

MORE LIGHT~MORE AIR~LESS GLARE
WESTERN VENETIAN BLIND COMPANY
*General Offices,* Los Angeles; *Factories,* Los Angeles and Kansas City

SAN FRANCISCO
SEATTLE
ATLANTA
Texas Agents:
Two Republics Sales Service, Dallas, San Antonio, Houston

*Mail coupon for free catalog.*

WESTERN VENETIAN BLIND CO.,
2700 Long Beach Avenue, Los Angeles, Calif

Gentlemen: Please send me your free illustrated catalog showing installations of Western Venetian Blinds.

*Name* _____

*Address* _____

*City* _____ *State* _____

# The "Bankers Dime Bank" and Distributing Machine




*Actual size of "BANKERS DIME BANK"*



This machine will distribute your banks.

**Your ad in Any Colors on Both Sides**

Our new plan of distribution guarantees new Savings Accounts at a lower cost than was ever before possible. *Write for Sample and the Plan.*

## *BANKERS THRIFT CORPORATION*

**2240 North Racine Avenue .. .. .. CHICAGO, ILLINOIS**

# *The Banker*

## His Influence and Buying Power

Whatever your business—you need the banker. Whatever you sell—your business is fortunate if you have on your side the banker's influence—his leadership, his approval, his example.

And remember that the banker himself, in his own right, is a huge market—a quality market for those things that a man buys for himself and a quality market for those things that the banker buys for the bank.

**THE BURROUGHS CLEARING HOUSE will carry your selling talk into every bank in the United States and Canada.**

*Write for a rate card.*

## *The Burroughs Publications*

Burroughs and Second, DETROIT, MICHIGAN

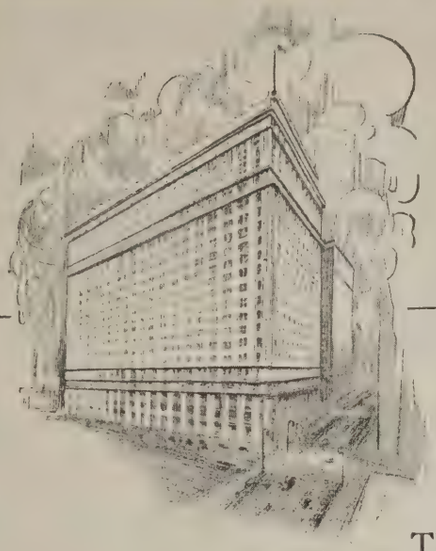
*In writing to advertisers please mention The Burroughs Clearing House*


(Continued from page 30)

indirect goods are, in other words, the present worths of the anticipated values of the ultimate products. During the war, many firms found it extremely easy to make money. The demand for goods by various governments was so strong that price was a minor consideration. With the diminution in the demand for gold and the expansion in the supply of credit, the prices of commodities rose higher and higher, and, because of this upward trend, the debtor continually found it relatively easy to meet his obligations. Paper profits grew apace. The concerns that could temporarily get control of land, power, raw materials, and labor, made "easy money," and hence, in bidding for control of these projects, the relative cost of producing gold, as compared to the cost of producing other commodities, was apparently lost sight of, for, on the basis last mentioned, the average prices of indirect or production goods, rose unduly. In other words, the increase in the income of the nation failed to keep pace with the rise in the wholesale price level. Inevitably, the result was that the time finally arrived when the manufacturers found that the supply of goods which they had produced could not be sold at the prices that they had figured upon when they started production. The result was the 1920 collapse in the prices of goods at wholesale. The prices of goods at retail, which doubtless represent a better illustration of the logical relationship between the value of gold and the value of other commodities, had never increased to anything like the same degree as had the wholesale price index. Therefore, they had not so far to fall.

THE discussion thus far has all pertained to prices as measured in terms of gold. The reader must distinguish carefully between prices in gold and prices in paper, for, during the war, as has previously been stated, few, indeed, were the nations that remained upon a gold basis. The United States was the only important nation in which gold could at all times be obtained upon demand in exchange for paper money. Most of the European nations, from a date early in the war period, refused to pay gold on demand, and it was not long until paper money fell below its nominal gold value. As yet, economists are not agreed as to the exact relationship determining the relative values of paper money and gold money under such circumstances. The so-called "quantity" school hold that the value of a unit of paper money varies inversely with the amount issued, and Professor Cassel has presented some interesting charts which seem to evidence that this relationship held at least during the early years of

(Continued on page 34)



CONTINENTAL
and COMMERCIAL
NATIONAL BANK
Chicago, Ill.

# CONFIDENCE

## *Born of Experience*

IN THE seventy-seven years of its existence the William Mann Company has built up a clientele which includes many of the nation's leading financial and business institutions.

The pleasant relationship existing between this firm and its customers is based primarily on confidence. And confidence is much more than blind faith. It is a feeling of security based on actual knowledge of just dealing—fair prices, superior merchandise, painstaking service. The Mann Company is grateful for this confidence and is ever mindful of its duty to justify it. In many cases, we have labored long and diligently to perfect some particular article in whose superiority rightful pride could be taken.

Manco Safety Paper—the newest and most improved paper for checks—is just such a product. Its development was no happy accident, but the result of persistent experiment by the experts whom we employ. Our aim was to produce a paper that would be the last word in protection, as well as the finest in quality and utility.

Manco Safety Paper is so delicately mottled that the slightest erasure shows on the body of the check itself. Through our special process, any alteration is revealed at once. It is as sensitive a safety paper as human ingenuity has thus far been able to devise.

Not only is Manco Safety Paper safer, but it is actually more beautiful in design and more adaptable to individual needs than any other safety paper. The trademark or special design of your bank can be placed on any part of the check you wish—and it appears right side up both on the face and back of the check!

*The Manco Check Book is another supreme development in banking accessories. It lies flat when opened and is therefore a real convenience. Write for special literature on Manco Safety Paper, Manco Check Books. We will gladly submit samples, etc., and quote on your estimated requirements.*

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*Blank Books*
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Write for descriptive folders about

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The Complete Line of Office Equipment

**Allsteel Desks**

AN *Allsteel* desk is an inspiration—gives zest to the day's work and prestige to its owner. Richly finished in olive-green or mahogany with bronze trimmings and durable, green battleship linoleum top, they are the last word in beauty and convenience.

Measured on the basis of cost per year, convenience, or prestige building appearance—the entire *Allsteel* line is a sound investment. The *Allsteel* mark is your guarantee of *permanent* satisfaction.

*Write for the new GF Allsteel Desk Catalog*

The General Fireproofing Co.
*Youngstown, Ohio*
*Canadian Plant:* Toronto, Ontario
*Dealers Everywhere*



---- Attach this coupon to your firm letterhead ----

THE GENERAL FIREPROOFING CO., Youngstown, O. [BCH]
Please send me without obligation a copy of The G. F. Allsteel Desk Catalog.

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(Continued from page 32)

the war. The "anti-quantity" school of economists contend, on the other hand, that the value of paper money, as measured in gold, does not depend upon the amount of paper outstanding, but rather upon the probability that the paper will be redeemed. Whatever may be the exact relationship, all parties agree that the more paper issued, the more will prices rise. According to the "quantity" theory, which holds that the value of the paper varies inversely as its supply, the total value in terms of gold of all paper money outstanding would be expected to remain approximately constant. While this may have been the case in the early stages of paper inflation, there is no question that, in the latter phases of the inflation orgy, this was decidedly not true. Figures prepared by Carl Snyder and W. Randolph Burgess of the Federal Reserve Bank of New York reveal the fact that, during the period of rapid inflation in Germany, the total value of all paper money outstanding fell sharply. These figures furnish the key to a solution of the mystery which students of money have long puzzled over but have never been able to solve. They have wondered why inflation has always sooner or later come to an end. The reason usually assigned has been that the money eventually became valueless. If doubling the money had merely halved its value, this could never have happened. When, however, one discovers that the actual effect of *quickly* doubling the money in a country is to reduce its value by far more than one-half, the key has been found that unlocks the mystery.

A NATION inflates its currency in order to obtain funds with which to run its government. As the purchasing power of a given issue of paper money grows less, it is necessary to issue larger and larger amounts. As this process continues, the citizens gradually learn to anticipate what is going to happen. They realize that they cannot spend their money instantly, and that, by the time they get ready to pay it out, more money will have been issued and the value will be less per unit. This process works in a spiral, for the discounting of the money by the citizens forces the government to speed up the printing presses and this alarms the citizens still more. Eventually, matters reach the pass which they did in Germany, where prices rose so rapidly that it was impossible to adjust the government finances with as great a degree of speed. For example, rates on government railways were obsolete when announced and taxes when collected had lost most of their value. At the last, the dies could not be changed fast enough to enable the printing presses to meet the demands of the government for new currency and merchants could not do business because prices rose faster than the goods could be marked up, accountants could not keep track of the price changes, and new goods always cost several times the value of similar articles just sold. Under such circumstances, which characterized the situation not only in Germany, but also in Russia and Austria, the government was forced willy nilly to adopt a new currency. Such is, and must be, the termination of attempts to finance government indefinitely by currency inflation.

SINCE 1922, despite the inflation madness which overran several of the European nations, the value of commodities in terms of gold has shown no particular trend, the oscillations which are observable being apparently only cyclical. During the post-war period, as before, gold has gravitated to the United States until a large fraction of the world's stock of gold has been accumulated in the vaults of our Federal Reserve banks. In fact, at present they hold nearly one-half of all the gold monetary reserves of the world. This great store of the precious metal has led to serious misgivings on the part of many students of monetary problems. They have feared that there would occur an era of inflation, both in the supply of Federal Reserve notes and of bank credit, which would overshadow that of 1915-1920. Should such inflation occur, they feel that the price level would sky-rocket madly upward, with all the disastrous effects that inevitably accompany an era of inflation.

There can be no question that the present gold reserves are adequate to cover an enormous expansion of credit, even though the Federal Reserve System has, by means of the issuance of gold certificates, lessened greatly the volume of gold reserves available to cover issues of Federal Reserve notes and bank credits. The records show that gold and gold certificates in circulation have increased in amount from about $700,000,000 in 1919 to over $1,400,000,000 at the present time.* However, during the same period, the gold reserves in the Treasury and in the Federal Reserve banks have risen from $2,100,000,000 to $3,100,000,000. Under such circumstances, and with discount rates low, there is practically nothing but psychological restraint to prevent a very large credit inflation in the United States.

Are we certain, however, that, even if such inflation should occur, prices would rise? "Quantity" theorists hold that such an increase would be inevitable. On the other hand, the

* See *Federal Reserve Bulletin*, April 1925, page 268.

(Continued on page 38)

# "11 RUE SCRIBE"
# The best known street number in the world

From all over the world travelers come in person to "*11 Rue Scribe*"; and, finding there what they especially want, never forget the number or the street.

From all over the world letters addressed to these travelers come first to "*11 Rue Scribe.*" Cables, messages, packages of all kinds, personal baggage—most of the things that people everywhere desire to have delivered to their friends traveling in Europe—go through "*11 Rue Scribe.*"

To Americans abroad "*11 Rue Scribe*" is a mental haven. Whatever their needs, whatever their desires, "*11 Rue Scribe*" knows all about it—where, and when, and how, to the finest detail.

There is a kind of magic atmosphere about the place—an air of something desired about to be realized—for international travelers have long been giving out the impression that "*11 Rue Scribe*" can "fix" or "do" anything for anybody.

The business of "*11 Rue Scribe*" is Endless Service. It's a very busy business; for everybody, not altogether at home in Europe, wants something; but the service is given with such authority, such courtesy and dispatch, that it all seems more or less of a pleasant game.

As many as 4,000 people a day come here to ask or get something; and seldom, if ever, has one left unsatisfied. 380 employees answer and give.

The American flag flies over the door. Page after page in the human history of American Service was written here in the Summer and Fall of 1914, and every day's work now adds another page—

For "*11 Rue Scribe*" is the great international office of the American Express Company in Paris.

In London, Rome, Cairo, Calcutta, Hongkong, and all the other cosmopolitan cities all the way around the world, international offices of the American Express Company, similar to "*11 Rue Scribe,*" render a similar service.

# American Express Co.

***65 Broadway, New York***

OFFICES IN ALL THE PRINCIPAL CITIES

Drawers may be equipped with Yale and Towne flat-key locks if desired.

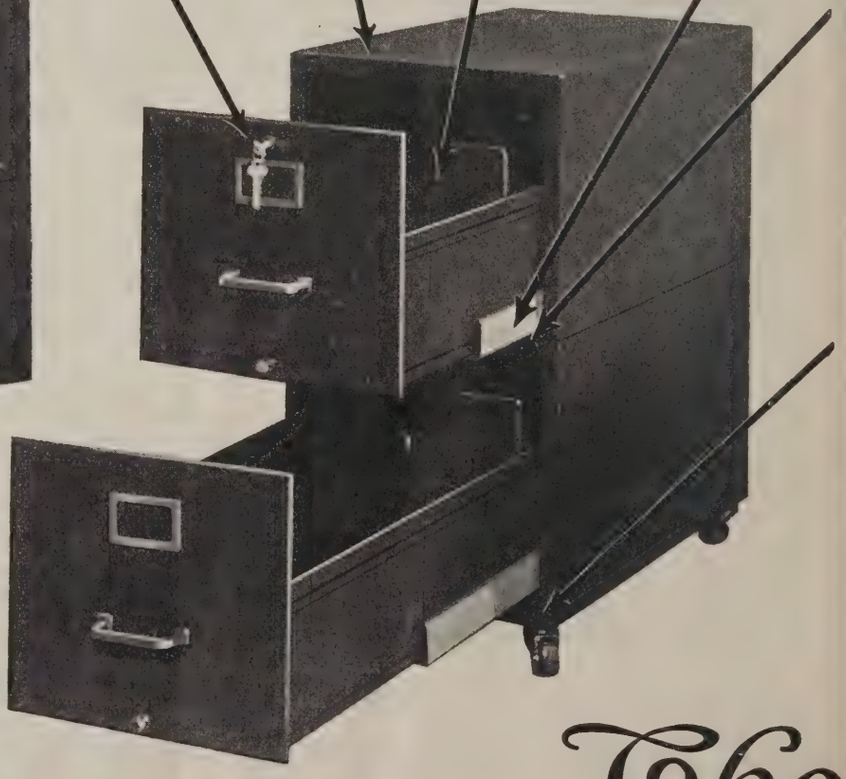
Olive Green Finish in stock. Other special finishes supplied when wanted.

Holds 5,000 sheets of ordinary matter with folders and guides.

# The Story



*MC BEE Desk-high File built up of two one-drawer units with top and caster base. A compact, flexible, good-looking file for correspondence, catalogs, miscellaneous papers, ledger transfer and many other kinds of filing.*



*MC BEE 8-drawer Check File. Progressive Roller Drawer Suspension. Solid Bronze Hardware, Welded construction throughout. Positive lever-controlled follower blocks, round rods. Olive Green or Mahogany finish. Special hand grained finish in other colors when desired to match office woodwork. Yale and Towne paracentric general lock if desired.*

The

Drawers mounted on roller-bearing progressive extension slide suspension.

A Dividing Shelf between drawers prevents rifling drawer contents.

Base with straight sanitary legs or with casters, as desired, furnished.

# of Mc Bee Steel

THE McBee one-drawer Vertical Section File and the Vertical Check File are typical of McBee Steel Office Equipment. They demonstrate graphically the quality and thoroughness of McBee construction.

Offices both large and small find a wide variety of uses for the One-drawer Section File because of its flexibility. You can start with a single drawer provided with base and top, and build up to any capacity by adding one or more drawers. Each drawer is a complete unit.

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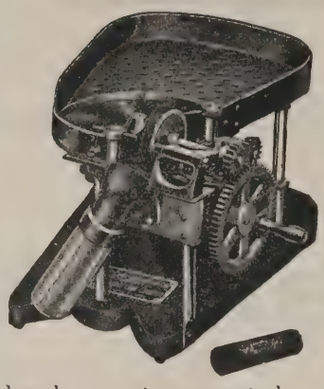
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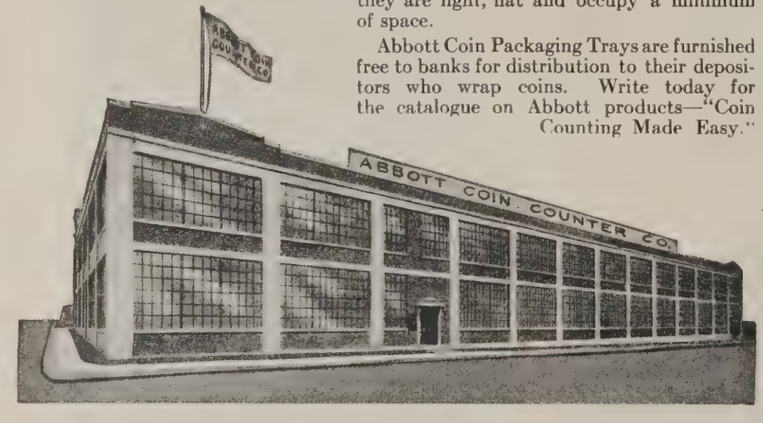
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(Continued from page 34)

"anti-quantity" school contend, that, as long as all money is maintained on a parity with gold, the expansion of credit cannot affect gold prices to any considerable extent. It is not necessary for us to come to any conclusion here as to the merits of the respective views. It is evident that, even if prices were greatly raised here, this fact would not at once affect prices abroad. As a result, goods would be relatively high in the United States, and this would be a good country to sell to and a poor country to buy from. Imports would rapidly expand and exports would diminish. It would be necessary for us to settle the balance of trade in gold and this gold would be drawn from the reserves now in our Federal Reserve banks. With gold flowing freely from one country to another, the gold prices of those of our goods that enter into international trade, would not long remain higher in this country than in other lands. Credit inflation in this country could not, then, be expected to raise the price level here to any higher extent in the long run, than it alters the prices of the entire world, and the effect of inflation in a single nation, even though as important a nation as the United States, is greatly reduced when spread over the civilized world.

WHILE many writers on the subject have feared price inflation, others have frequently expressed the view that in the future we must look for a long-extended price decline. At present they doubtless feel that their view is being supported by the fact that Europe is gradually returning to a gold standard. This doubtless means that the central banks in the European nations will desire to increase their reserves and their added demand for gold will tend to enhance its value in proportion to commodities; in other words, to lower prices. It is also frequently asserted that, because of their disastrous experience with paper currency, the people of Europe will, at the first opportunity, demand gold in payment for commodities and services. If so, an enormous amount will be required for circulation, and this will certainly have a tendency to draw prices down. On the other hand, many authorities hold that gold as currency has been out of use for so long, that there is little likelihood that it will ever again become an every-day medium of exchange. Time will tell who is right.

If the people of Europe should demand the same amount of gold for bank reserves and circulation that they did before the war, is it not logical to suppose that the average of prices will eventually return to approximately the same level as that prevailing in 1913? Unless conditions have changed,

why should not equilibrium be established at the old ratio? To answer the query, we must hark back to the principles laid down at the beginning of this article; namely, that the ratio between the value of gold and the value of other commodities is always tending to approach the ratio between their respective costs of production. Is this ratio the same as in 1913? If so, prices will inevitably tend downward toward the 1913 price level. If, on the other hand, the ratio has changed, the tendency will be different. What evidence have we on this point?

WE CAN best judge of what has taken place in gold mining from the statistics of gold production. In 1913, the gold output of the world was estimated to be $460,000,000. With the increase in the price level accompanying the war, the mining of gold gradually became less profitable, and, by 1922, the total amount of gold mined was only $319,000,000.* From this diminished volume of production, we might infer that the better mines alone were producing and that there would be a gradual enhancement in the value of gold, or a fall in the price level, until conditions approximating those in 1913 were evident. However, the years 1923 and 1924 are telling a different story. Data are not available for the world as a whole, but figures for the Rand mines, which are the heaviest producers, show a striking rise in output, so rapid, in fact, that, in December, 1924, these mines were turning out 825,000 oz. per month, as compared to an average of 733,000 oz. in 1913. It appears, therefore, that conditions of gold mining have so changed that, at present, it is profitable to mine gold even more extensively than formerly, despite the fact that the value of gold in terms of other commodities is today not more than three-fifths as great as it was in 1913. True, it would take twenty years of the present output to accumulate the gold supply now existing in the treasuries and national banks of the world, so that any variation in price level resulting from such changes in the cost of mining will necessarily be slow in producing their ultimate effects. However, the $400,000,000 of new gold turned out each year will help to supply the gradually growing demands of the treasuries of Europe and will lessen the rapidity of any drain which may occur upon the reserves in our Federal Reserve banks.

Our guesses as to the trend of the price level during the next decade or so must depend, then, primarily upon whether we lay more stress upon the demand of the European banks and the European public for gold, or upon

* See *Statistical Abstract of the United States*, 1923, page 261.

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the apparently decreased cost of mining gold. Should the people in the countries now using paper money for circulation actually demand the substitution of gold for paper on a large scale, there seems little reason to doubt that gold will increase in value and the price level will fall. If, however, this demand, coupled with the steady needs of the banks of Europe for reserves, should not prove greater than can be met by withdrawing some of our excessive reserves from our Federal Reserve banks, then there will be no reason to expect a downward course in the price level as long as the gold mines of the world can keep up production on the present basis. In fact, since the production is probably greater than the amount of gold needed to make jewelry and for other similar uses, the chances are that, if it continues at the present rate, we can look for another slow upward trend such as occurred between 1897 and 1914. This trend might, of course, be terminated at any time by the exhaustion of the richer gold mines. The best that can be said is that the successful prophet of the future of the price level will be the man who can best forecast what the European people will do about using gold for pocket money, what changes will occur in the process of gold production, and what new discoveries of gold mines will take place.

## One, Two, Three, and Out Goes He

(Continued from page 16)

Her husband was responsible for the error. Several weeks before he had presumably deposited a sum of money to her credit, but, although they have been married thirty years, he had—perhaps reminiscently—written her maiden name on the deposit slip.

One year ago, the average number of NSF checks was seventeen per day. Now, the average is below nine. Formerly, thirty minutes to one hour was consumed in attempts to communicate with depositors whose balances were too small to pay their checks. Now, the offense requires only an occasional call. Actual overdrafts now average slightly more than $20. The average for the corresponding month last year was $480. The improvement necessarily, has been gradual. It has resulted from persistent effort to minimize unremunerative work. The officers expect to make further progress until ultimately a NSF check returned by the Bankers Trust Company will be exceptional. Then, business people of Indianapolis need have no hesitancy in accepting checks drawn on that institution because they will know that no depositor may continue to do business there if he gives checks for which funds are not on deposit.

## If I Owned the Bank

(Continued from page 9)

capable ones as well as the poor ones of us, do it to make good fellows of ourselves with customers to whom we must say the unwelcome word.

We loan up to a certain point at our own discretion. Above that limit we must first have head office sanction, or take a chance the bad results of which are absolutely up to us. If the customer's application is a discretionary one, we are prone to say, "Head office would not approve." If the application has been turned down by head office the temptation is still stronger because, of course, I have given the customer to conclude that I have recommended it. And of course a manager would not forward an application at all unless he wanted the business.

It is head office's wish that no apology is to be offered in declining to accord a loan, and that, even when a large application proves unacceptable by the general manager, the best answer is: "The bank does not see its way to take the account."

STILL, it is not difficult to picture the dialogue in frequent, actual practice. The customers are our daily companions, our personal friends. And 95 per cent of us (and 95 per cent of cashiers everywhere) are not, we must remember, qualified to own a bank of our own. It is so much easier to apologize for a foolish, unimaginative head office, or a hard-hearted despotic board of directors. The inference we wish the customer to take is, of course, that we, the manager, are a much broader-visioned power than our head office. But, for some funny reason, the irony of this never gets to us.

Sometimes I resolve to qualify for bank ownership. Some happening has spurred me to it. I beetle my brows, grab the bit between my teeth and cast about me for opportunities to demonstrate my high desire.

Then J. Wheedler Ailing walks in with a note for $500. I listen to what he has to say, reach my decision and theoretically run for the first hurdle. I intend that my manner as well as my words shall mean, "I just won't do it!" courteously but extremely firmly. I do get over the hurdle, but not cleanly. It was just that same old quarter-inch too high for me. My nerves being unable to stand the trying silence following my own words, I add something. Something that betrays the weakness of past years. It's hard to strike like a cannon ball of personal force when one is in reality only a football.

The next moment rage has taken the place of the cannon-ball resolve, when J. Wheedler smirks, "You needn't be afraid, you know."

STRENGTH

The strength of a bank may be indicated by its statement of condition, but it is also measured by the extent and quality of the services it is prepared to render.

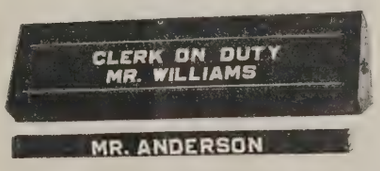
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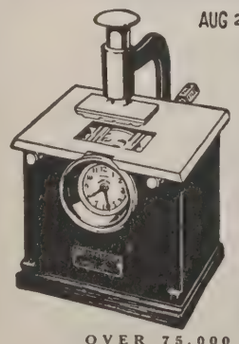
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I realize it is too late to sound like a landlord. It was imagination which trapped me into feeling like one. Imagination is a wonderful thing, but to acquire a bank through that attribute one must begin young and work hard.

Had I done that, and not cracked under the strain, my attitude towards J. Wheedler would have proclaimed,

"Afraid, nothing, darn your eyes! Who or what should I be afraid of? Don't I own this bank?"

## Central Control to Cut Costs

(Continued from page 14)

printed matter has resulted in a material saving, as evidenced by the fact that in 1924 the expenditure for all printed matter, forms and stationery, was 42 per cent less than it was in 1920; whereas, contrasting the same two years, the postage bills increased 20 per cent indicating a much larger volume of transactions. The increase in deposits likewise would demand more forms of certain kinds.

Such savings have been brought about by the elimination of all unnecessary forms, consolidation of forms wherever possible, standardization in size and weight of paper, so as to get these supplies most economically, and the salvaging of all obsolete forms for use as scratch pads.

All new forms requisitioned are passed on by the chief accountant, whose duty it is to simplify the text wherever possible and to adapt it to the most advantageous and economical size.

In the reduction of time and expense the bank has eliminated the mailing of certain receipts, thus saving about $3,000 in the printing, postage and labor. The use of window envelopes has been greatly increased. Although this has added to the cost of the envelope supply, more than the extra cost has been saved by the elimination of overhead in extra typing. This plan also prevents the errors not infrequent when notices and correspondence are inserted in addressed envelopes.

SUPPLIES of all kinds are distributed only upon requisition signed by the various department heads and their chief assistants. The stockkeeper maintains a perpetual inventory and is responsible for the control of stock. This discourages excess ordering and waste of supplies.

In the preparation of reports for the staff and directors, the bank uses a hectograph process in preparing those requiring from 15 to 40 copies and uses a mimeograph for requirements of more than 40 copies. Formerly a mimeograph was used for 30 or more copies, but the hectograph process is

much less expensive when only a few duplicates are required.

In the matter of sundry services and supplies the expenditure in 1924, as compared with that of 1920, has been reduced 42 per cent. Because of careful supervision of equipment and departmental locations and changes, expenses in alterations and repairs last year were 62 per cent lower than in 1920.

These are the most outstanding means used to hold its operating costs to a minimum. At no time, however, has the staff lost sight of its aim to give to a great industrial and commercial community the most complete and helpful banking service possible through high-grade, well-trained personnel and the most modern facilities. These results have, therefore, been made possible because the executives of the bank believe thoroughly in the application of the best business methods to the conduct and functioning of a financial institution; and all of these plans, though prepared for a bank of $120,000,000, can be adapted in a practical way to the conditions of almost any banking institution.

## Rubber Takes the Center Stage

(Continued from page 19)

greater development of rubber growing under American auspices and many other Americans believe in and hope for the same thing. In the Philippine Islands we have ideal conditions for growing immense amounts of our own rubber if we wish to. Everything is there except an adequate labor supply and the proper legislation can quickly fix that. But our governmental policy toward the Philippines is one of uncertainties and capital is not tempted to risk the loss of large sums under present conditions. It will require a definite announcement of American policy which Congress alone can give before any great utilization of the resources of the Philippines can be expected. Men who know the Far East and its capabilities are agreed in saying that in the Philippines we have a tropical empire if we will only take the right means to develop it.

## The Stub Convenient

THE Farmers and Mechanics Bank of Ann Arbor, Michigan, carries the stub idea used on the bills of the telephone companies, to the daily work of its loan department. Bills for interest coming due, carry a stub with the name and amount. When the customer makes payment, bringing in his notice, it is merely necessary to detach the stub, from which the entry may be made when the rush at the window has subsided.

## We Make It Easy for the Crooks—

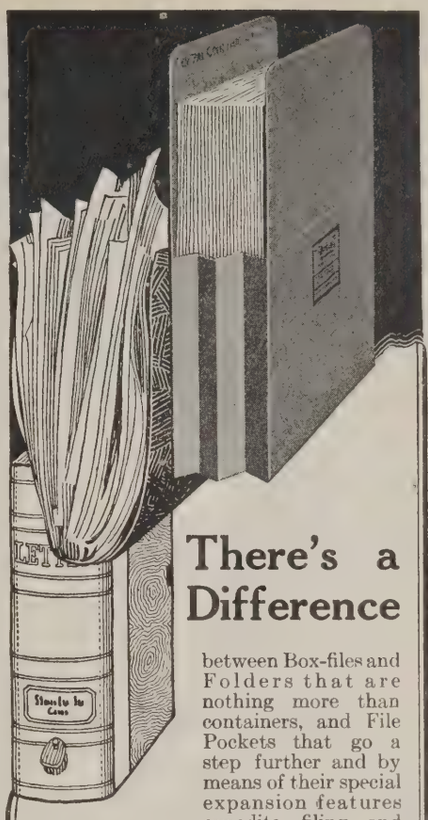
(Continued from page 20)

in when he committed the crime. But it wasn't in Portland. Portland was the city he had set his heart on visiting. He had a bank account, but the balance wasn't large enough to finance the trip. So it isn't surprising that his thoughts turned to a brother in Chicago, in prosperous circumstances. He went to the president of his bank—a large city bank. And the president was well acquainted both with him and with his family. He initialed a draft which the young man made out, on his prosperous brother in Chicago. He was given credit for the amount of the draft in a checking account, and before he had left the city he wrote out a check for his railroad fare. When he arrived in Portland he wrote additional checks. But a month later the draft came back from Chicago unhonored. His prosperous brother, unknown to him, had pulled up stakes and gone to Florida. He was arrested in Portland. And though the governor of Oregon refused to extradite him, believing him fundamentally innocent, he answered his summons to the city where he had committed the crime, and he was given an indeterminate sentence of fourteen years.

I have described the case of this young man just as Mr. VanSmith told it to me. "How it would have simplified matters," he commented, "if the bank had merely accepted the draft for collection. The young man's trip to Portland might have been delayed a few days. As it is now, he must spend at least a year's time in San Quentin, and as much in addition, up to fourteen years, as the Board of Prison Directors decrees."

ANOTHER indeterminate sentence of fourteen years is being served out in San Quentin by an uneducated man born in the mountains of Tennessee, for passing a fictitious check. He came to California and went to work in a logging camp. Came pay day, he went to the nearest large-sized town and proceeded to blow his wages, in regulation lumberjack style. While still under the influence of liquor he went into a store to buy some clothes, preparatory to going back to camp. When he reached into his pocket for his roll he found it was all gone. He asked the proprietor of the store to lend him a blank check. It was on the merchant's own bank. He wrote out a check in payment for the goods, and accepted a small amount of cash from the merchant in exchange. He had probably never had a bank account in his life. The name he signed was purely fictitious.

Then there's an ignorant foreigner,

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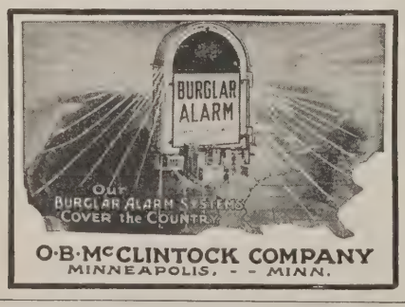
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representative of many others. He is a man of about fifty years of age. He had always been an industrious citizen. And then perhaps one day he learned of the alchemy by which a blank piece of paper might be converted into money—writing a check. So he wrote one, signing a fictitious name. His principal defense was a puzzled repetition of, "Why I go to prison, nobody hurt?' The business man in this case accepted the check without even an indorsement. Naturally, since it was a pure invention, the name signed to it was entirely unknown to him.

But not all the "paper hangers" in San Quentin, as the bad check men are called in prison argot, are amateurs. And it is in connection with what might be called the experienced professionals that the banker is most directly to blame—by encouraging the practice by offering a comparatively easy mark. It is surprising, Mr. VanSmith says, how often bankers have fallen for these professional paper hangers. They usually combine some sort of "confidence game" with their work. Sometimes the forger himself doesn't attempt to "push" his own paper but has a confederate who may have a better personality for that part of the game. Old, old games are those that most of these slickers resort to—but nevertheless in many cases the dodge works.

HARVESTS reaped by expert paper hangers in boom towns are often quite unbelievable. Perhaps one of these soldiers of fortune establishes himself with the president of a bank as a wealthy investor, and it may not be a small-town bank, either. Sometimes the fellow has forged letters of recommendation, but that is not usual. Eventually the Mr. Wallingford-in-the-flesh comes out with the remark, "Well, I think you're my type; I think I'll open an account. Just take this for collection and credit." And he offers a draft or cashier's check say for fifteen or eighteen thousand dollars on a bank in Houston or some other remote city. "The fact is, I'm going out to buy some property. Could you recommend some responsible real estate agent? You know; some level-headed fellow."

"You wouldn't believe such things happen, except in fiction," Mr. VanSmith told me, "but they do." Perhaps Mr. Wallingford puts through his real estate deal. In any event he soon comes back to the bank bringing the real estate dealer with him. And he has talked him into a condition of hypnosis. Perhaps he secures a title to some property with a worthless check and sells it for cash. But by hook or crook before many hours have passed he has accomplished his purpose, and has left those parts behind—in a cloud of dust, as the saying goes, stirred up by his high-powered motor car, and with maybe as much as three or four thousand dollars more cash than he had when he arrived.

A while ago one of the professional paper hangers in San Quentin became confidential. He had been conducting himself in a most exemplary manner in his prison life. His term was nearing its end, and one of the prison authorities got into a conversation with him, and attempted to bring it around to a discussion of the man's chances of really going straight "this time." For hardened sinner though he was, it seemed likely that he might be a little tired of doing time.

HE LAUGHED at the suggestion of going straight. As Mr. VanSmith retailed the prisoner's remarks—naturally, he is quite familiar with prison talk—this distinguished paper hanger said something like this to the prison authority: "Of course, I know your salary. My income is about five times yours. I have a comfortable roll tucked away. When I get out of here I'm going to Europe. When it's gone—I can't shove bum paper over there—I'm coming back to the states. I may do a fall for it, but my time will be well compensated.

"Give me fifty blank checks," he proceeded, "and I'll have them all turned into cash, operating between the Market Street Ferry and Fourth Street, before noon."

I asked Mr. VanSmith if he didn't think the man was using his imagination a bit. He replied that substantially he thought this man's boasts were well founded. The success of a clever paper hanger is common knowledge in the prison world. Surely these well-groomed, well-fed personalities in the bad check game can't come into being by magic. Whatever else a man may dissemble, he can't dissemble prosperous living.

What's the remedy?

I asked Mr. VanSmith what in his opinion the bank official can do to remedy the bad check evil and to reduce the proportion of imprisonments resulting from it. He believes the greater responsibility lies with business men, merchants and hotel proprietors. And he pointed out that naturally the banker can't tell his customer how to run his business. "But," he said, "we could curb this bad check evil in this country if we really wanted to." And he included both bankers and business men in his indictment.

Greater responsibility on the part of bankers wouldn't be altogether out of place, he says, even if they are not most to blame. As an example of a case where this might apply, he says

that it would often relieve city banks of responsibility if in supplying a customer with a draft or a cashier's check. country correspondents would make it a practice also to forward by mail a specimen signature.

I suggested that possibly co-operative educational advertising or publicity in which bankers might join in with merchants and business men would tend to keep everyone reminded of the great responsibilities entailed in cashing or accepting a check. Mr. VanSmith does not disagree with this idea. But he says that personally he wouldn't care to recommend any general remedy for the evil, except greater watchfulness and more careful judgment on the part of everyone.

One thing he did say: stiffer penalties for forgers will not remedy it—certainly not the most disconcerting aspect of it, the large number of convictions of amateurs.

He points out that in Europe the prisons contain comparatively few convicted on such charges. He sees no reason why American prisons should contain proportionately so many more. And he believes that banks might quite logically help along a movement of some sort which would have for its general object, making it harder for any ignorant foreigner, scatterbrained youth, or intoxicated person—as well as the professional paper hanger—to pass a bad check.

## And Help Them Evade Conviction

(Continued from page 22)

for information concerning this or that individual, a glance at the reverse side of it warns you that it is most advisable to give that information. I do not know what chance a law like that would have in the states. There are already laws similar to it but most of them are dead letters. So far as the Secret Service is concerned, it seldom fails to get its man and get him right.

Fewer persons would knowingly harbor yeggs, or shield them or make it possible for them to live in respectable communities if such a law were uniformly enacted. Obviously there would be fewer yeggs if there were fewer willing hands to give them lodgings and hide them when they are hunted. An exodus of crooks after a general clean-up usually marks the closing of shady lodging houses and cafes—ample evidence of their importance to the crook in his eternal war with the law.

Concerning the importance of positive identification of criminals by bank employees, much might be said of material assistance to the man who faces burglars at work in his bank; who is forced to look down the muzzle of an automatic or who is the victim of the bad check artist. Most bank cases pivot on a positive identification and stand or fall on the ability of the witness to state positively that this or that accused man committed the crime. More clear cases are lost because the identifying witness weakened at the last minute on his identification than from any other cause. The crooks know this and it has become an accepted practice among police officials and bank detectives not to rely too strongly on the first identification which a witness may make or the description he furnishes.

THIS unfortunate situation is true not because the witness fears the bank crook's wrath or because he is unwilling to seal the fate of a fellow being, but because he is ignorant of what constitutes a positive identification and how it may be insured. Months sometimes elapse between the time a crime is committed and the criminals are brought to justice. Human memory is fickle. No bank employee need be a Bertillon expert to make certain of his identification. There are simple little tricks whose efficacy has been tested by use.

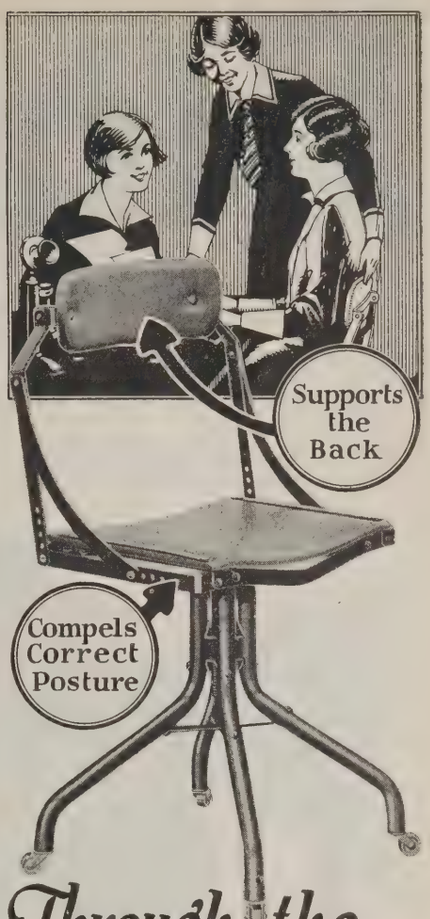
There are little things to look for and bits of talk to be heard when criminals are at work about you; odd little observations and peculiarities that will remain in the average man's mind unaltered for a long time. Every experienced detective has his pet scheme for identifying or describing the crook. It may take into consideration the crook's ears, his eyes, his mouth, his gait or his conversation. Some will tell you always to notice a man's back or observe the movement of his head. If one could remember all these things while a gun is sticking in his ribs, a comprehensive knowledge of all the systems would be most valuable. But who has such a memory?

Since the highwaymen of today have quit the use of masks and rely mainly upon frightening their victims out of their memory, it behooves the victim to get a good, quick look at that part of the bandit's anatomy which will be of the best service when it comes time to pick him out.

Take a good look, for instance, at his ears. They are about on a level with your own eyes; no extra motion or effort is needed to study them. Human ears, like finger prints, are never alike in two men. They vary in length, thickness, width and structure.

Hundreds of bank crooks have been identified from photographs with the ear serving as the key. Photographs of criminals taken ten and twenty years apart show no changes in the contour or structure of the ear and often a man may be singled out in a crowd by a view of his ears from the rear. On a calendar pad in his cage,

(Continued on page 48)

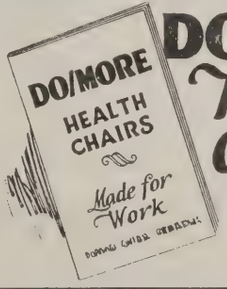



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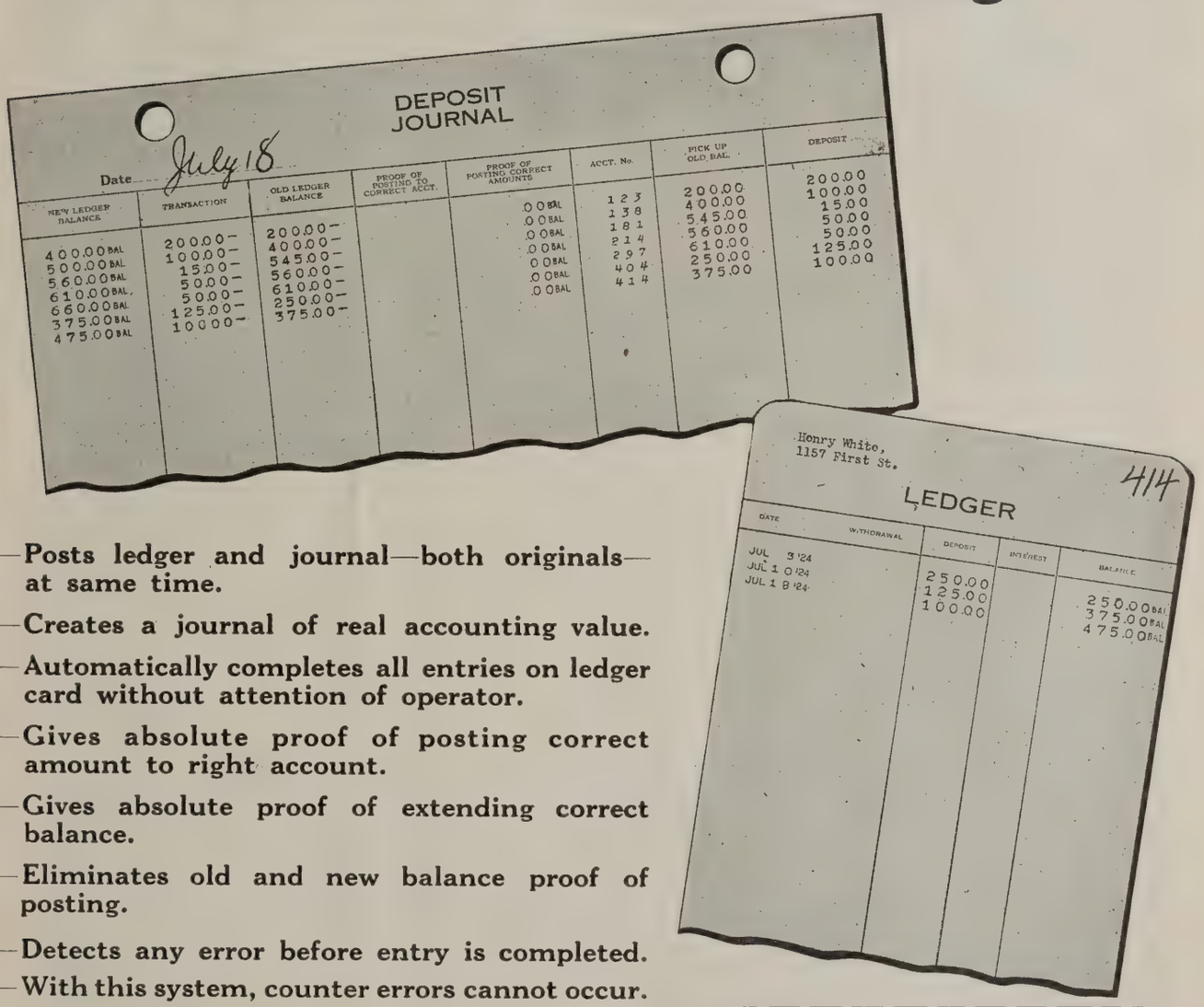

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*Resources Over 300 Millions*

(Continued from page 45)

a bank teller who had never drawn a picture of an ear in his life, penciled the odd shape of the right ear of a bandit who had held him at bay five minutes. A positive identification resulted, the criminal being picked out from a crowd of twenty men. Another bank employee remembered the thick, misshapen cauliflower ears of a forger who had been a prize fighter and enabled the police to locate the man on a printed description.

The nose is also valuable as an identification mark—not so valuable as the ear, however, because the nose changes. Hands are also valuable keys to remember. Very often yeggs who have been hit by premature blasts on a safe cracking job have a finger or finger joint missing, or a crooked finger. A holdup man walked into an Ohio bank not long ago wearing white cotton gloves. The cashier who was forced to spend a couple of nervous minutes looking down the gun barrel noted that one gloved finger holding the gun was stiff while the others gripped the gun stock. He concluded that the stiff finger was not a finger at all but stuffing rammed into the finger to deceive the beholder. He was right. A glove, found later near the scene of the hold up, revealed that the first finger of the right glove was stuffed. Police immediately checked up known crooks minus a finger and found their man and his confederates.

Gait, peculiar mannerisms and odd conversation often link up criminals with their jobs. A limp, bow legs and pigeon toes have undone many a crook. A Minnesota bank cashier read about a limp-legged forger in a circular. He never expected to see the crook but when he did he knew him and he's now doing his bit. Two young bandits walked into a mid-western bank at noon not long ago and held up the lone cashier. "Where's the vault?" asked one of the bandits. The question was unnecessary. The vault, the largest thing in the bank, stood before their very eyes. The pair were beginners in the game. The cashier remembered this question and the police did not have to look far for the nervous amateurs. They were found in an adjoining town with the loot. They were local boys.

Police records are replete with instances where an observant bank employee glimpsed some unusual mark on the criminal and brought him to justice. One need not take a college course on criminology or finger printing, to qualify as a good witness and establish positive identifications that will stand the rigors of cross examination. Nearly every criminal prosecution in which banks are involved begins and ends with an identification. That's how important it is.



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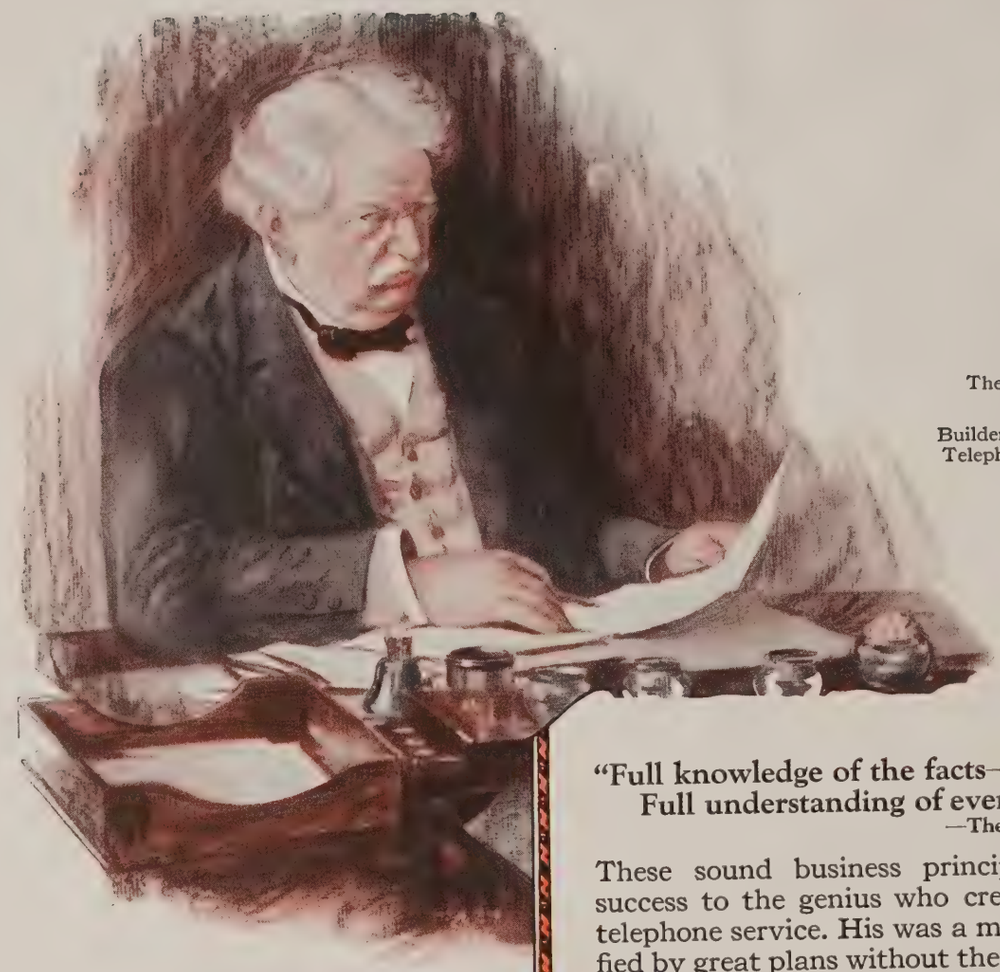
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THE HELLMAN BANK, LOS ANGELES

IN THIS ISSUE

VALUING FOREIGN LOANS AND SECURITIES
CREDIT WORK; ENGLAND'S OLD AGE PENSION



Theodore N. Vail
1845-1920
Builder of the American Telephone & Telegraph Company

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# The Editor's Indorsement

HEREIN we engage in the agreeable business of writing our own indorsement, tossing gay bouquets the while at our perhaps not altogether undeserving self.

Some time ago we dusted off our best platform manner and took it down to Cleveland to make a speech before the Financial Advertisers Association of that city. Mounting each and every one of our personal string of spirited hobbies, we rode and rode, and rode and had a splendid time. Among other things, we drew a picture of the Simpsons around the corner and set them up as an inspiration for appealing advertising copy in these trying times when the margin between income and high cost of living seems so very difficult to contrive. The Simpsons do it and oh so much more on so very little salary compared with us. They're buying their own home, for one thing. We're paying $100 rent—and for what? Besides, they always have money in the bank. Ours is mostly overdrafts. How in the world do they do it, anyway? They get so much out of life, and so easily, apparently. What is their system? Please, somebody, tell us about the Simpsons on your books from inside their own homes. Tell us their story of management, that we, too, may profit by it.

As an idea it is nothing so tremendous, we agree, that it will go reverberating and ricocheting down the corridors of time. Nevertheless, we point with pardonable pride to a letter from Robert J. Izant, advertising manager of the Central National Bank of Cleveland.

"I have been intending to send you the current issue of 'The Central's Outline of Business' ever since publication on the first, as I want especially to call your attention to a story entitled 'The Man Next Door Retires from Business.'

"In this you will see something of your own idea, dropped while you were in Cleveland, as well as a reflection of the picture cast in my mirror at home when it is turned on one of my neighbors. An actual story, the essence of which forms the basis of all thrift messages and about which all of us struggle until we are blue in the face trying to promulgate and pattern after.

"We are putting the story up in pamphlet form for counter distribution, as we have had several expressions which leads us to believe the story has merit."

He is a good story, "The Man Next Door," and merits reprinting in full:

Here is an outline of business of the home.

If you are given to speculation on how "the man next door" does all he does on his salary; and, being denied the opportunity to make a searching investigation of his practices to enable you to follow likewise, the story of Winthrop Wright (as we shall call him) should be enlightening.

All thrift messages, despite their varying forms, are based upon the Winthrop Wrights of the world. But it is rare when the facts of such a one as our Winthrop Wright, or "the man next door," come to light.

Look at him on this July Fourth, or Independence Day. For him it is his Financial Independence Day at the age of 67.

There is the moral—financial independence at 67.

Down in the country amid his flowers and beneath his century-old elms, you'll find him perhaps mopping his forehead and brushing back his white hair on a hot summer's day, taking a brief respite from mowing a well-kept lawn. On inquiry he'll inform you he's in the business of being retired.

June 30th he resigned his job with a city merchant, forever finished with arising every week-day morning to board the six o'clock train for the metropolis twenty-five miles away.

Forty years ago, on arriving from England, he entered the employ of a large retail store, the same store from which he has just resigned as general manager.

His salary never has been classed in that store, or others, as a large one. Yet he and his family have always exhibited the virtues and enjoyed the good things of life as reflected by the typical "man next door."

How have they done it?

Perhaps one of the habits of the Winthrop Wrights will explain this as well as any other. They are systematic.

At four o'clock every Sunday afternoon, winter or summer, if you are traveling along the countryside, you'll see the Winthrop Wrights out walking. They could just as well be riding in their six-cylinder car, but they prefer the exercise of walking. The point is, it will be four o'clock when you see them leave their home. Not earlier. Nor later. But at four. In everything they do there is a method. They are punctual.

Even in saving money.

A definite portion of Mr. Wright's salary, regardless of amount, always has been set aside under a plan of rigid discipline. And this will continue, although now the income is to be paid from interest on investments.

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Consider their larder, it is replenished systematically and amply by stock purchased in wholesale quantities. Their clothes presses disclose plenty and proper clothing, much of it abreast the latest style, but conservatively selected. There are good books in the Wright library, for amusement and education; the ideas from some on landscaping being duplicated on the Wright estate (only a good size city lot) in formal gardens, sunken gardens, vegetable and flower gardens, shrubbery and pergolas.

Many a packing box or crate has been converted into a garden seat. And that is characteristic of the planning, likewise the frugality, of the Wrights.

It is due to this frugality, this systematizing, this conforming to self-imposed discipline that the Wrights have "gotten ahead"—and that now make it possible for the head of the home to retire from business. And, withal, they have enjoyed accumulating the best things in life—but not everything, to be sure, in which their fancies have taken them.

Records such as these are being made by other Winthrop Wrights who are availing themselves of the services of institutions like the Central National Bank.

"Financial Independence," the booklet, explains how rigid discipline is being applied to depositors in our savings and investment departments. It is sent anywhere on request.


# The Burroughs Clearing House

HERBERT SHRYER
*Editor*

SEPTEMBER, 1925
VOL. 9 NO. 12

C. D. MACGREGOR
*Business Manager*


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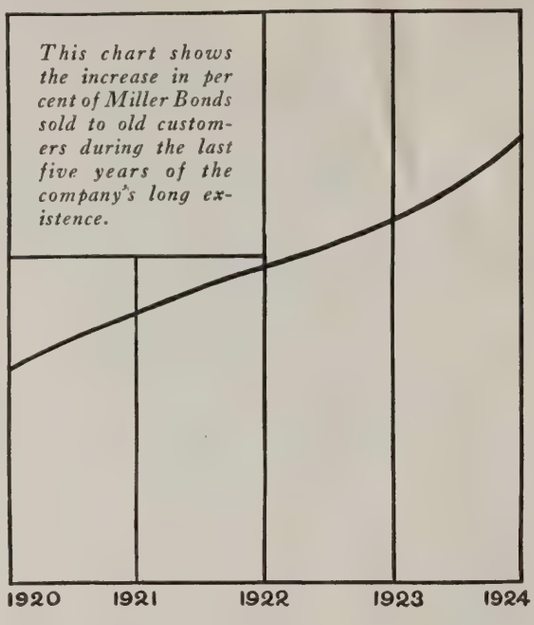
SYDNEY P. COOK
*Mid-Western Representative*
434 South Wabash Ave., Chicago, Ill.


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*Published Monthly in Detroit, Mich.*

WITH his article this month analyzing the Chicago money market and recommending improvements which will increase its usefulness, Prof. Ivan Wright, of the University of Illinois, begins a series dealing with subjects of vital importance to world business, finance and economics. Later in this magazine he will discuss the effects of sterling par on American industry, financial problems of mutual interest between the United States and Japan, and the Philippines as a growing financial empire in the Pacific.

THE new Hellman Bank, Los Angeles, California (see cover), was designed by Schultze & Weaver.

H. S.




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"This year's sales are far ahead of last year's," said our sales manager with pride. But if his information stopped there, his statement would be without full significance to us, our prospects and our customers. It would tell nothing about the true feelings of investors toward Miller Bonds.

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Vol. 9, No. 12 — The Burroughs Clearing House — September, 1925

# Foreign Loans and the Three C's

## The Elements of Character, Capacity and Capital Applied to Foreign Securities



"Big Ben," the Parliament House Clock Tower, London, the St. Gaudens statue of Lincoln on the left

*By* GEORGE W. EDWARDS
Economist, Bank of America, New York City

*Photos by Ewing Galloway*

THE American banker, whether he conducts his business in a country town or a metropolitan center, must shape his policies in accordance with the great economic and financial movements occurring in the United States and throughout the world with a greater intensity and rapidity than at any time in history.

One of the most important of these movements has been the investment of funds abroad, or, as this phenomenon is techincally known in economics, "the export of capital." Until the outbreak of the great war, the United States had been a debtor country, borrowing annually from abroad millions of dollars to build railroads across the continent to develop the wheat lands of the Middle West and to operate the mines and ranches of the Far West.

For these purposes we needed large sums and such borrowings would have continued for a long time, had not the World War absorbed the funds of our European creditors. They in turn were obliged to seek financial aid from the United States, which thus was forced to become a sort of involuntary creditor. From 1914 on, the United States poured forth billions of dollars, so that today the American government and American investors hold foreign obligations to the extent of seventeen billion dollars.

The existence of this enormous debt creates a variety of important public problems which are of vital interest to the American banker, and he as a citizen, should exercise his influence in aiding the nation to attain a correct solution of these questions.

Should the Allied debts to the American Government be cancelled in part or in full to bring about a restoration of normal international relations? Should the volume of foreign loans in the American money market be restricted in the interest of domestic borrowers who must necessarily pay high rates? Shall the government regulate the granting of foreign loans to the extent of sanctioning or prohibiting such advances to foreign borrowers for reasons of international politics? To what extent shall the American Government proceed in protecting investments made in foreign countries? What changes must be made in the American tariff policy in the future to enable foreign debtors to discharge their obligations by sending us their goods? The solution of these and many other questions arising out of the investment of our capital abroad will directly affect the American banker and so requires his close attention.

This article will not treat of these larger public problems, but will be confined to a consideration of those factors that an American banker should observe in analyzing a foreign security before he purchases it either for himself or for a customer.

It is quite generally believed that foreign securities are held only by the large New York banks and by persons of wealth. This generalization no longer holds true, for foreign bonds

have now found their way into the portfolios of many interior banks and international securities are owned by numerous small investors. It has been estimated that the Austrian loan of $25,000,000 issued in 1923 was taken by 9,000 individual American investors while the Japanese Government issue of $150,000,000 in the following year was placed among 44,000 separate holders. It is therefore necessary for the interior banker both in his own interest and that of his investing customer to understand the factors governing the worth of individual foreign investments.



The ceremony of changing the Royal Guard every noon in front of the Riksdag, Stockholm

In general the factors which make for a sound credit risk are the same in investment as well as commercial banking, and hold true whether in the foreign or domestic field. In every case the three "C's" in credit, namely, character capacity and capital, may well be applied. Character refers to the debtor's willingness to pay, and so is the moral element in credit granting; capacity refers to his ability to pay, and capital to his actual means of payment. These three general factors form the basis of analyzing the credit standing of foreign borrowers, and adjudging the worth of their securities.

THE character or the willingness of a country or a corporation to honor its obligations may be judged by history. It is quite the general belief that losses through defaults and repudiations have in the past been heavier on foreign than on domestic in the sense of American investments. As a matter of fact the amount of defaults in proportion to the total of foreign investments has been very small. They have, however, occurred in the case of some of the Central American republics and notably in the case of Russia. These acts of dishonor have arisen out of either economic or political influences. Thus, for example, the government of Brazil on August 1, 1914, found itself unable to pay the interest charge on its bonds because of the collapse in the price of crude rubber. The resulting business depression soon passed away and the government was again able to make good its obligations in full. This sequence of events has generally been true of defaults which have been economic in nature.

Quite a different situation arises in the case of defaults due to political reasons. Thus, for example, when a government is overturned by revolution, the new administration is usually reluctant to honor the obligations of its predecessor. This is well typified in the case of Russia where the Soviets do not recognize the debts contracted by the old monarchy. Hence it is of vital importance to ascertain the political stability of a country in the past. This stability, commonly enough, does not depend upon any particular form of government, for it frequently happens that a monarchy possesses a surer existence than a so-called republic. Many governments, both monarchical and republican in nature, have had an uninterrupted existence for many years, in some cases for centuries, and these have always respected their obligations. The second basis of credit capacity refers to the ability of the debtor to discharge its obligations. In the case of a government this ability can be judged largely by its financial policy. Just as the element of character can be determined by reference to the concrete evidence on the pages of history, so the nations' financial capacity can be measured by analyzing its budget. This is a definite statement of revenues and expenses, and from these facts one can tell whether a nation is squandering its resources in costly military establishments or whether it possesses an adequate taxation system. When the unbalanced state of the budget brings out the fact that a nation is not paying its way out of current revenues, the value of its securities are bound accordingly to be affected.

THERE is often a very close relation between the state of public finance of a country and the value of its foreign exchange. When revenues fail to meet expenditures, this deficit is often overcome by resorting not to an increase in taxation but to the less heroic policy of issuing more money with which to meet the needs of the government. This increase in note circulation will in the long run depress the value of the nation's currency and as a result its worth in terms of the exchanges of other countries will diminish. Thus a continuous decline in the foreign exchange rate of a nation is frequently the symptom of weakness in its public finance and so becomes the sign of a doubtful credit risk from the standpoint of capacity.

The third element of credit, namely capital, refers to the resources which a nation possesses to meet its obligations. This factor is usually measured by the productive value of the country's manufacture, agriculture, and commerce. The goods turned out by its factories and mills, the products of its soil, and the revenues derived from its merchants and bankers all should be considered in determining its position as a credit risk.

Here again the foreign creditor may obtain actual data from which he can derive an accurate appraisal of the



The Parliament Building (left), Vienna

prospective debtor's capital position. This third basis of capital resource may be determined by the balance in payments of the particular nation under consideration; this statement shows clearly the amounts owing by and the receipts coming to the business and governmental interests of the country. From this statement one can tell whether or not the nation's balance of trade is favorable and to what extent imports are being paid for out of exports. A negative trade balance in itself is not necessarily an unsatisfactory condition, for this excess of purchase of goods over sales may be overcome through performing for other countries such services as carrying freight, undertaking insurance risks or conducting banking operations, all of which may bring in large returns. The capital item in the balance of trade when traced over a period of years may disclose the fact that a nation as a whole may actually be on a non-paying basis, and may really be financing its imports by heavy borrowings from abroad. Such a policy in the long run is bound to result in the accumulation in large foreign indebtednesses which are difficult to meet.



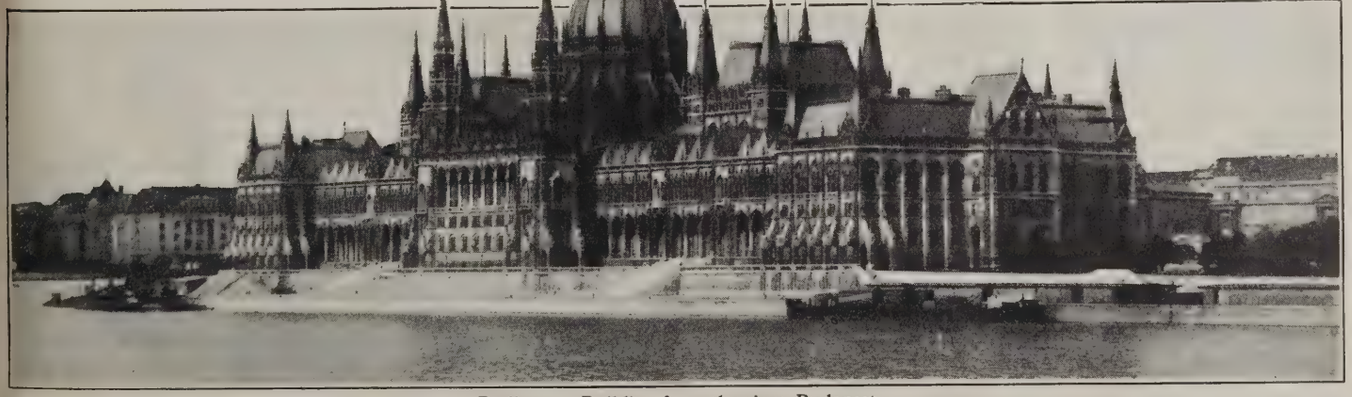

The Hall of Congress, Madrid

THUS the American banker in appraising the value of a security of a foreign government has at his disposal certain definite indices. In summary he is able to judge the character of the borrowing nation from the pages of its history, its capacity may be ascertained from the state of the budget or the movement of its currency, and finally its balance of payments reveals the earning power of the capital resources.

There is one final test which a good banker applies in the granting of credit. He is always insistent that a loan that he grants shall possess liquidity, and provide the means of self-extinguishment. He knows too well from experience that loans that lack this essential element of liquidity are unsafe. The American banker should therefore assure himself that his foreign bonds are part of an issue whose proceeds are being applied to a productive purpose. A loan which is being devoted to the buying of raw materials for manufacture into finished goods, or a loan for obtaining equipment and supplies to develop railway facilities are good examples for productive credits. Where loans are floated solely for the purpose of subsidizing military aggression against neighboring countries or for maintaining a large force of useless officeholders, the element of liquidity is necessarily lacking. The question is sometimes raised whether a loan possess a productive purpose when the proceeds are applied to the balancing of the government's budget or the stabilization of the country's foreign exchange. These ends can sometimes be attained only by means of foreign financial assistance, particularly when the current assets of the country are temporarily at a low ebb. However, loans applied to these purposes can be considered as productive in nature only when the government at the same time enters upon a policy of reforming its public finance and currency with a view of correcting the fundamental economic evils.

IN GENERAL, foreign securities may be classified along the same principles that distinguish the various kinds of domestic issues. There are, however, certain peculiar characteristics of these classes of foreign securities that should be carefully noted. As American investors hold mainly foreign government securities, consideration will be confined to this type alone. First it is important to ascertain whether the

(Continued on page 30)



Parliament Building from the river, Budapest

# IS BANKING *a* DIGNIFIED PROFESSION?

## *by* Roscoe Macy




AT 8:52 A.M. there came a heavy, persistent knocking at the locked front door of the Farmers' National Bank of Dauberville. Across the glass of this door at some time in the distant past, an itinerant sign-painter had etched in bold gilt letters "Banking Hours 9:00 A.M. to 3 P.M.," and for years thereafter not even Doc Storm, the village chiropractor and the bank's largest depositor, would have dared question the authenticity of the statement by rattling the door before nine o'clock in the morning.

Then there came a new regime in the Farmers' National. Magnus Bentover, apostle of Service, was elected cashier, and not long afterward there was added to the sign on the door, in even bolder and brighter letters, the words "Always At Your Service." Since which time good customers of the bank had come to regard the afterthought as a nullification of the original proposition, and as we shall see, it was not in the nature and creed of Magnus to set them straight.

Joe Tullis, the colored janitor, could not read, and therefore did not know what sentiment was spelled by the glittering words on the door, but he did know the wishes of Magnus with regard to heavy depositors who rattled the door before nine in the morning, so he hurried to the front of the building, unlatched the lock, and stood aside with a low bow to admit the portly frame of James D. Spoopendyke, whose balance entitled him to do his banking with the Farmers' National at 7:30 if he so desired.

The languid force immediately galvanized into activity. The tellers rushed to their pigeonholes and clicked their heels together like so many barbers greeting the arrival of a shaggy customer. Cashier Bentover swung around in his chair and the set smile with which he met his daily clients fixed itself upon his face.

"Good morning, Mr. Spoopendyke. Pleasant weather we're having, isn't it?"

"Too dam hot," grunted James D.

"Yes, that's right. It *is* rather unpleasantly warm."

Magnus would have made a model hotel clerk, or he could have sold mile after mile of ribbon in a department store—it was his ardent contention that "the customer is always right." He was undeniably of the new school; a worshiper at the shrine of service. One of his earliest innovations had been to install an assembly room on the second floor of the bank building, placing 800 square feet of valuable office space at the constant disposal of local town and farm organizations free of charge. Public rest rooms were crowded into other valuable space about the building. By skillful advertising, he had educated the public of Dauberville to "pay by check and get a receipt; we'll keep the books," with the result that 20 per cent of the individual depositors maintained average balances of $50 or better; the remaining 80 per cent got most of the receipts.

WHILE the first teller was yes-sirring Mr. Spoopendyke out of a deposit, a stranger entered the lobby. Glancing at the nameplate over the cashier's desk, he accosted Magnus.

"My name is Samuel Eversole. I have just moved to Dauberville, and I wish to deposit five thousand dollars on a six months' certificate. I am from the West, and am accustomed to receiving 5 per cent interest. Is that satisfactory?"

The cashier's smile became almost human. This was the sort of situation he loved to face, and his beloved "Service" rarely failed to unlock the door to the depositor's heart and pocket-book.

"Welcome to Dauberville, Mr. Eversole. I trust we shall have the opportunity to serve you often in banking matters. However, our rate on time deposits is 4 per cent, and we cannot afford to pay more. To do so would be unsound banking, and would merit the loss of your confidence. On the other hand, as a depositor with the Farmers' National, you would be entitled to all of the many services which we render our customers free of charge. The quality of our service is not excelled anywhere."

"To what services do you refer, Mr. Bentover?"

"Well, the list is a long one, and growing every day. To mention only a few items, we write drafts and travelers' checks for our customers free of charge. Our notaries make out applications for automobile, hunting, dog registration, and chauffeur's licenses, also free. We have an expert to assist our customers with income tax reports, another to draw up their wills. We make out leases, deeds, mortgages, and other simple legal forms. We pay your taxes when due, notifying you of the amount so paid. If you are a farmer, and hold a public sale, we will furnish the clerk, expecting you, of course, to leave the proceeds

on deposit with us until needed. Such deposits are often left with us for a substantial period, although often they are checked out at once. A stenographer is always at the service of our customers, to care for such correspondence as you may wish to dispose of while in the bank." (He might have added that she was also at the service of friends of customers, customers of customers, prospective customers, their relatives and friends, and so on down the line.) "These little services, as I say, are all performed free of charge, and so are many others which I have not mentioned. Of course, we accept all items for deposit at par, with immediate availability."

"And how large a balance must I keep, to entitle me to all these services?"

"Oh, we do not attempt to draw any lines in that respect. We might do an injustice to a small customer who later would grow to be a large depositor. In fact, our service is not actually restricted to customers, in practice, for many who do not now patronize us may be so impressed at receiving these small accommodations as to transfer their accounts to us at a later date."

"This interests me very much, Mr. Bentover. It occurs to me to wonder just how far you carry this idea of service. For instance, I find that the house into which I have moved was not inspected by my agents, and the plumbing has developed some defects. Are you a handy man about the house, Mr. Bentover? If so, I wonder if you—or perhaps some other officer of your bank—could be prevailed upon to come in some evening and repair it. Just as an accommodation to a possible depositor, you know."

"Er—er—well—" stammered the cashier.

"Never mind an old man's joke, Mr. Bentover. But here's the point: It happens that I should seldom and possibly never have occasion to avail myself of any of the services you mention. If I should care to do as you suggest, I do not believe I should have any trouble in helping myself to, say, fifty dollar's worth of free service from your counter within six months. The difference in the rate of interest we were discussing would amount to half that amount in the same period. Do you still feel that it would be unsound banking to pay 5 per cent on my deposit? You do? Very well. Good day, sir."

Of course you understand, gentle banker-reader, that the foregoing is but an imaginary conversation, but it is not so badly overdrawn, at that. Has it not already occurred to you that we country bankers—city bankers, too, in somewhat less degree—have traveled a long way from the original ideas of banking? Where shall we stop? We are informed that our moneyed ancestors actually paid for the privilege of entrusting their funds to the strong-box of a sagacious moneylender, in order to place those funds out of the reach of thieves and rascals. In those days, banking must indeed have been a dignified—and lucrative—profession. It still is, for that matter, but is it not true that the profession as practiced by us fellows out here in the sticks is daily losing some of its dignity and much of its earning power to this fetish of Service?

PROBABLY no one, and certainly not the writer of this article, would attempt to deny the value of a spirit of genuine courtesy and accommodation in the attitude of a bank toward its customers. On the other hand, it must be admitted that we must draw the line somewhere. We cannot tie our customer's cravat every morning, and press his pants after he retires for the night. It is the contention here that a great many banks have already unwittingly crossed that line, and are regularly rendering more gratuitous service than they can afford.

Let every banker first get it clear in his mind that there is really no such thing as "free" service. Ultimately someone has to pay the bill, whether it be the borrower in the form of exorbitant interest, the heavy depositors in the form of reduced interest on their time deposits, the stockholders who have it taken out of their dividends, or employees who receive less than they earn. Whoever the paymaster may be in any particular case, he probably does not yet realize his status; sooner or later it will be brought to his attention that he is paying for something he does not receive, and then the offending bank may look for trouble. And remember always that it is a far easier matter to add to the free service list than it is to withdraw a privilege once it has been made a matter of custom.

The practice of paying higher than the current rate of interest on deposits has long been regarded as a danger signal to depositors. If depositors do not recognize the signal, the bank may gain in time deposits temporarily, but the day of reckoning is inevitable. Customers will rob their checking accounts to increase their interest-bearing deposits; if the lending rate is increased in line with the deposit rate, the good borrowers will desert to other banks, leaving only those who are glad to obtain a loan on any terms, while if the rate to borrowers is not increased, the bank will soon become unprofitable, and the stockholders will force a change in management or policy.

The practice of offering too much free service as an inducement to depositors is directly analogous, and in time it will come to have the same "danger signal" aspect to customers. When that time is reached, those who pay for the "free" service, whether it be the borrowers, depositors, employees, or stockholders, will register their protest with an emphasis that will be felt by those responsible for the inauguration of the policy.

Another aspect of this problem which is usually ignored by the well-meaning banker lies in the fact that every addition he makes to his own list of free services offered to his customers is after all only a boomerang. It may strike his struggling competitor across the way, but eventually it will come back, probably when he has forgotten it, and "knock him cold" until he can think up some other ingenious service feature and start it on its way again.

(Continued on page 48)

## The Schedule of Charges

(Adopted)

NEWTON, IOWA, May 15th, 1925.

To The Jasper County Bankers Association:-

Your committee appointed to work out a uniform charge for the banks of the County beg leave to submit the following report and recommendation.

| | |
|---|---|
| Imprinting checks | Cost |
| Taking of acknowledgements | 25¢ each |
| Drawing leases, deeds, mortgages, etc. | $1.00 each |
| Collecting taxes for County Treasurer | 25¢ each |
| Assisting in making income tax reports | $1.00 per hour (Minimum charge $1.00) |
| Collections | (Minimum charge of 25¢ up to $100.00 above that amount 10¢ per hundred) |
| Clerking Sales | 1% minimum charge $10.00 |
| Answering requests for credit ratings | 25¢ each |
| Safety Deposit Boxes | Minimum charge $1.00 per year |
| Minimum charge on loans | 50¢ |
| Customers endorsing stamps | Cost |
| Interest on all time deposits | 4% |

No interest less than six months, even months above 6 months up to 12 but no interest after one year.

Do not allow checking on Savings Accounts.

# About the Chicago Money Market

## Some of the Characteristics Distinct From Any Other Money Market in the World and What the Chicago Market Needs

*By* IVAN WRIGHT
Department of Economics, University of Illinois

THE money market of Chicago has characteristics distinct from any other money market in the world. In addition the undeveloped opportunities in the Chicago market are perhaps unequalled in any other financial center. The reasons for these conditions are the interior position of the Chicago market, the agricultural and industrial geography and the self-made, pioneer evolution of the money market to meet environmental needs. It will not be possible to trace the history of the factors in the make-up of the Chicago money market, or even to give a complete account of any one of them in this short article but some brief sketches of a few of the factors seem necessary for an understanding of the problems.

### *Chicago Banks*

Among the principal factors in any money market are the bank resources. Chicago banks have set records in developing capacity to meet conditions and needs. The best way to present briefly a picture of the growth of Chicago banks is to indicate by statistical history the increase in loans and deposits since 1916.

Loans and Deposits of the National Banks in Chicago

| | Loans | Deposits |
|---|---|---|
| 1924 | $632,214,870 | $885,684,796 |
| 1923 | 588,285,019 | 840,763,499 |
| 1922 | 611,536,682 | 722,137,920 |
| 1921 | 738,336,172 | 818,891,870 |
| 1920 | 579,130,875 | 884,284,634 |
| 1919 | 546,228,261 | 696,642,193 |
| 1918 | 476,567,908 | 668,285,650 |
| 1917 | 449,563,443 | 649,245,718 |
| 1916 | 360,841,553 | 533,096,902 |

Loans and Deposits of State Banks in Chicago

| | Loans | Deposits |
|---|---|---|
| 1924 | $856,522,449 | $1,221,317,049 |
| 1923 | 788,759,810 | 1,172,826,570 |
| 1922 | 768,198,176 | 1,010,309,475 |
| 1921 | 830,065,060 | 1,009,382,935 |
| 1920 | 652,312,363 | 896,702,148 |
| 1919 | 499,541,226 | 686,385,444 |
| 1918 | 482,756,970 | 699,566,335 |
| 1917 | 451,232,296 | 686,229,925 |
| 1916 | 370,567,700 | 581,490,735 |

These statistics of loans and deposits demonstrate the steady growth of the Chicago banking business. It is particularly noticeable that the increase in loans and deposits of the state banks has exceeded that of the national banks. There are several explanations for this situation. The state banks may have been more active; they may be less conservative or there may be



The ceremony of opening the cotton pit on the Chicago Board of Trade December 1, 1924

Fig. 1. Position of the Banks

| | Loans and Discounts | Total Deposits | Cash Resources | Savings Deposits |
|---|---|---|---|---|
| National Banks | $ 622,449,000 | $ 916,370,000 | $ 271,969,000 | $ 53,449,000 |
| State Banks | 1,011,537,000 | 1,567,668,000 | 307,772,000 | 587,433,000 |

Fig. 2. Chicago Bank Clearings, 1910-1924

| | | | | | |
|---|---|---|---|---|---|
| 1910 | $13,940,000,000 | 1915 | 16,199,000,000 | 1920 | 32,669,000,000 |
| 1911 | 13,926,000,000 | 1916 | 20,542,000,000 | 1921 | 25,975,000,000 |
| 1912 | 15,381,000,000 | 1917 | 24,975,000,000 | 1922 | 28,036,000,000 |
| 1913 | 16,073,000,000 | 1918 | 25,930,000,000 | 1923 | 31,113,000,000 |
| 1914 | 15,693,000,000 | 1919 | 29,686,000,000 | 1924 | 31,654,000,000 |

advantages which state banks have over national banks. Both classes of banks, however, have mutual interests and advantages to gain by developing Chicago's money market for the Middle-West until no money market can offer better services.

At the Comptroller's call April 6, 1925, the position of the Chicago banks stood as shown in Fig. 1.

The total cash resources on this day were more than $579,000,000 and the savings deposits more than $540,000,000. Savings deposits and ready cash totaled more than $1,100,000,000. The strong position of the Chicago banks is shown by the ready cash which was equal to more than one-third of the total loans and discounts. Chicago banks have adequate resources to handle a much larger volume of business than the present requirements. In other words, the Chicago market has ample reserves for large expansion and at the same time remains thoroughly prepared to take care of all possible emergencies (Fig. 2).



When the president of the Board, the members crowded into the pit, bought the first bale

Fig. 3. Comparative Statement of Condition

| RESOURCES | Dec. 31 1924 | Dec. 31 1923 | Dec. 30 1922 |
|---|---|---|---|
| Total gold reserves | $367,376,000 | $545,104,000 | $540,549,000 |
| Total reserves | 382,952,000 | 553,390,000 | 562,253,000 |
| Total bills discounted | 37,824,000 | 95,334,000 | 73,871,000 |
| Total U. S. Gov't. Securities | 80,370,000 | 10,757,000 | 62,833,000 |
| Total earning assets | 152,970,000 | 148,528,000 | 151,269,000 |
| Total resources | 636,431,000 | 784,373,000 | 821,702,000 |
| LIABILITIES | | | |
| Federal Res. notes in circulation | $196,529,000 | $406,901,000 | $420,506,000 |
| Total deposits | 320,184,000 | 272,009,000 | 286,854,000 |
| Total liabilities | 636,431,000 | 784,373,000 | 821,702,000 |
| Ratio of total reserves to deposits and Federal Reserve note liabilities combined | 74.1% | 81.5% | 79.5% |

*Growth of Chicago Market*

The rapid expansion of the Chicago money market activities may be indicated somewhat by the increased bank clearings.

The steady growth of Chicago bank clearings from less than $14,000,000,000 in 1910 to almost $32,000,000,000 in 1924 indicates the expanding demands made upon the Chicago banks as evidenced by the checks passing through the clearing house.

The peak year for Chicago clearings was 1920 when they totaled more than 32½ billions. The next year the clearings declined to less than 26 billions but the rebound in clearings which has been continuous, and exceeded 31½ billions in 1924, indicates permanent growth and dissipates the idea that the expansion in recent years was the result only of abnormal conditions.

The clearings of the Federal Reserve Bank of Chicago add increased evidence of the growth in the use of the services of the Chicago money market.

Total clearings of the Federal Reserve Bank of Chicago were $13,995,625,000 in 1921; $14,608,408,000 in 1922; $23,074,243,000 in 1923; and $29,280,863,000 in 1924.

The increase in the clearings through the Federal Reserve Bank is far in excess of that of the clearing house. This is of particular interest because during these years the earnings of the Federal Reserve Bank have been decreasing, but the use of the facilities of this service institution has been rapidly growing. Another item which indicates the services of the Federal Reserve facilities to the money market and the community is the wire transfers aggregating $18,833,433,000 in 1924 compared with $15,588,668,000 the preceding year.

Despite the adjustment of the resources of the Federal Reserve Bank to peace time conditions it will continue to remain the center of the money market. A summary of the conditions of the Reserve bank for the past three years is shown in table (Fig. 3).

The declining resources of the Federal Reserve bank with increased clearings and other services are only natural adjustments of the Reserve bank's position to the business conditions of the district since the war. There is a growing appreciation among bankers and business men of the functions and services of the Federal Reserve Bank. As the position of the member banks has improved, the need for rediscounting paper has declined

(Continued on page 36)

# Ways of the Credit Department

## The Well-organized Department, Its Duties and Methods of Extending Credit Lines, the Bank's Main Source of Profit

*By* FRANK LOOMIS BEACH
Assistant Cashier, Hibernia Commercial & Savings Bank, Portland, Ore.

THE duty of the credit department of a bank is to determine all pertinent facts so that the loaning officer or loaning committee may approve or disapprove a credit application correctly with the least delay.

The credit department is responsible for securing financial statements from borrowers and prospective borrowers, and comparing and studying the figures. It should make such investigation as may be necessary so that the honesty, the ability, the prospects and the financial standing of the credit applicant may be determined and it must summarize and file this information so that it is readily available.

With an efficient credit department at his service, the loaning officer can act with confidence. He can be certain that, within reason, all factors that might have a favorable or unfavorable bearing on the extension of credit have been investigated and the findings so summarized and emphasized that the danger of overlooking any vital point is reduced to a minimum.

The work of the credit department is primarily with open credit loans to business concerns.

The first banking test of whether a particular open loan should be made is: "Can the borrower in the ordinary course of his business pay the obligation within a reasonable time?" A reasonable time may be as long as a year or as short as thirty or ninety days. If this question is answered "yes," the next factor is: "If conditions arise which wipe out this ability to liquidate without strain, is there sufficient protection so that the bank will not sustain a loss?" The third consideration is: "Does the account promise to be profitable to the bank?"

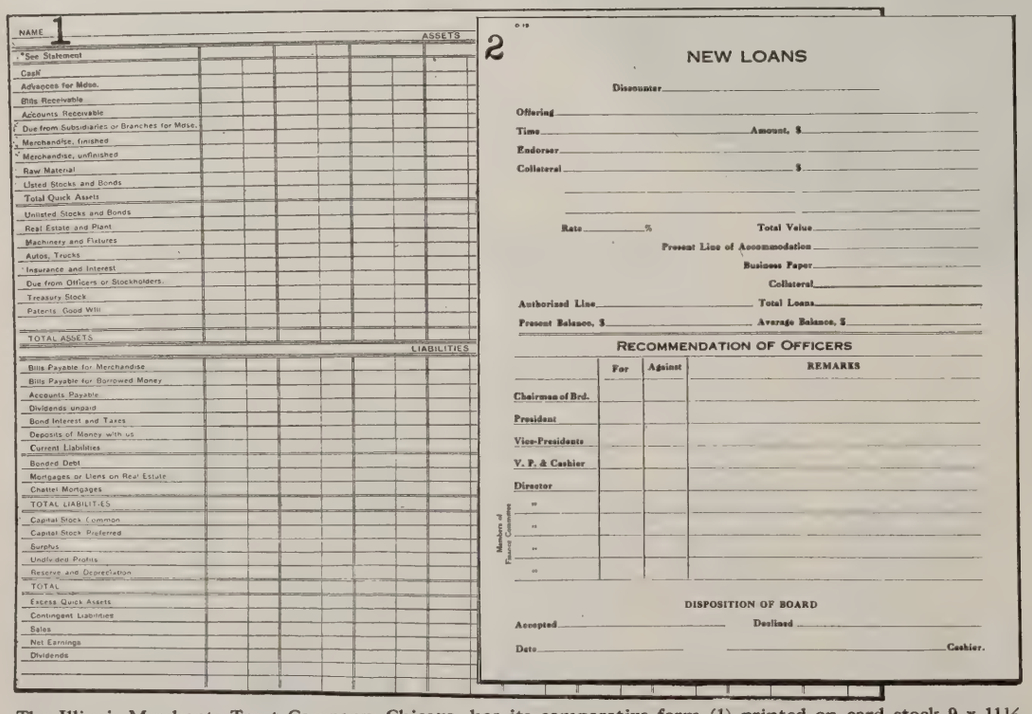
There is no reason for a bank to take on business without a fair margin of profit. Profit is earned both from the interest paid by the borrower and from the balances maintained. If these direct sources do not produce sufficient income to cover the risk and the handling expense, the account, unprofitable in itself, may bring in other business that is profitable. In some way, every account should ultimately pay its way, plus a margin. An apparent profit may be wiped out by the heavy float in a checking account; by the large number of checks issued and the consequent expense of bookkeeping; by discounting small acceptances which require much clerical detail; or by troublesome features such as the issuance of N. S. F. checks, failure to arrange for the payment of a note at its maturity or other factors that call for more than the ordinary amount of attention from the bank's officers or employees.

The credit department after having weighed all factors, makes, in some banks, a specific recommendation to the loaning committee as to the action the bank should take. In other banks, no recommendation is made, but the factors are set forth and permitted to speak for themselves. Banks that require the credit department to make a specific recommendation, feel that it brings the report to a focus and puts the department definitely on record.

These credit duties may be the part-time work of an executive officer or they may require a department with a credit manager, several assistants, and a considerable force of investigators, analysis clerks, file clerks, and stenographers; and possibly a statistical branch.

There should be a separate folder for each important borrower, containing the statements he has submitted to the bank during the years, an outline of the credit department's investigations, and all clippings or reports that may have a bearing on the case. It is customary to maintain an average balance card which indicates the value of the borrower's checking account to the bank. There is usually a separate file for these cards to facilitate posting and to confine the handling of the credit folders to a minimum number of clerks. A record of the average loan or of the high and low loan, possibly by months, may be added to this card.

On a new name, the application is usually directed or referred to the loaning officer identified with that type of account. The tendency in grouping loaning officers is to assign one man to a specific type of


1

NAME _____ ASSETS

| | |
|---|---|
| *See Statement | |
| Cash | |
| Advances for Mdse. | |
| Bills Receivable | |
| Accounts Receivable | |
| Due from Subsidiaries or Branches for Mdse. | |
| Merchandise, finished | |
| Merchandise, unfinished | |
| Raw Material | |
| Listed Stocks and Bonds | |
| Total Quick Assets | |
| Unlisted Stocks and Bonds | |
| Real Estate and Plant | |
| Machinery and Fixtures | |
| Autos, Trucks | |
| Insurance and Interest | |
| Due from Officers or Stockholders | |
| Treasury Stock | |
| Patents, Good Will | |
| TOTAL ASSETS | |

LIABILITIES

| | |
|---|---|
| Bills Payable for Merchandise | |
| Bills Payable for Borrowed Money | |
| Accounts Payable | |
| Dividends unpaid | |
| Bond Interest and Taxes | |
| Deposits of Money with us | |
| Current Liabilities | |
| Bonded Debt | |
| Mortgages or Liens on Real Estate | |
| Chattel Mortgages | |
| TOTAL LIABILITIES | |
| Capital Stock Common | |
| Capital Stock Preferred | |
| Surplus | |
| Undivided Profits | |
| Reserve and Depreciation | |
| TOTAL | |
| Excess Quick Assets | |
| Contingent Liabilities | |
| Sales | |
| Net Earnings | |
| Dividends | |

2

NEW LOANS

Discounter _____

Offering _____
Time _____ Amount, $ _____
Endorser _____
Collateral _____ $ _____

Rate _____ % Total Value _____
Present Line of Accommodation _____
Business Paper _____
Collateral _____
Authorized Line _____ Total Loans _____
Present Balance, $ _____ Average Balance, $ _____

RECOMMENDATION OF OFFICERS

| | For | Against | REMARKS |
|---|---|---|---|
| Chairman of Brd. | | | |
| President | | | |
| Vice-Presidents | | | |
| V. P. & Cashier | | | |
| Director | | | |
| " | | | |
| " | | | |
| " | | | |
| " | | | |

Members of Finance Committee

DISPOSITION OF BOARD

Accepted _____ Declined _____
Date _____ _____ Cashier.

**The Illinois Merchants Trust Company, Chicago, has its comparative form (1) printed on card stock 9 x 11¼ inches, large enough to permit the figures from nine annual statements to be placed in parallel columns. The other side provides a month by month record of average balances and of loans**

**The First National Bank of Pittsburgh provides blanks (2) on which the action of the board on each loan application or renewal may be formally recorded**

business such as cotton loans, shoe manufacturers or the like. Or, the division may be geographical, or according to the size of the loan, or in accordance with the convenience of the moment when the application is filed. The loaning officer, after a brief "sizing up," refers the case to the credit department. It is desirable for the credit man to have a personal talk with the applicant. He may be called in as a third party to the conversation at the time the request is made, provided his desk is conveniently near the loaning officer. Then the applicant is turned over to him for more detailed questioning. After completing his investigation, the credit man submits a written report with which information the committee makes its decision. This formal process is not necessary every time a note is discounted, but only when taking up an original request or setting lines of credit.

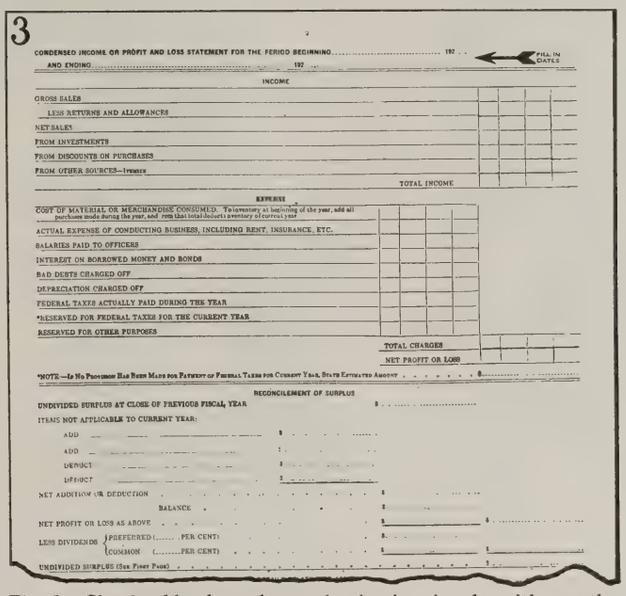
In big banks and small, a signed balance sheet, in practically every case, is requested from applicants for open credit loans. It is customary to have this statement made out on the bank's printed form.

Also, the better conducted credit departments are obtaining wherever possible brief income and expense figures. Net profit shown by such figures is reconciled by the customer on the form with the net worth shown in the statement of assets and liabilities at the start of the year and that shown in the statement at the close of the year. These profit and loss figures, and particularly the reconcilement, are regarded generally by accountants and credit men who employ them as of equal if not more value than the balance sheet. A customer who is making money, going ahead, is usually a good credit risk. On the other hand, the business that is going down hill is seldom desirable no matter how much invested capital it may have today. Profit or lack of profit, of course, has to be considered in relation to surrounding circumstances and a decision made as to whether the earnings or losses shown are permanent or temporary.

THE reconcilement of the surplus account gives in itself valuable information as to dividend payments and withdrawals or additions of capital and makes more difficult the submission of a "forced" balance sheet. Statements of assets and liabilities have been much emphasized in credit work and are important, but the crux of the matter is the ability to make money—and such ability is best measured by the record of profit and loss.

It has been found an excellent practice to obtain figures back over several years so that they may be summarized in comparative form to reveal the trend of the business. For such comparisons, practically all city credit departments have a form which provides space for placing the figures in parallel columns over a five or six year period or longer. To avoid seasonal fluctuations, the balance sheets should be as of the same day in each year. This comparison sheet, carefully studied, tells an important story. The change in the total accounts receivable or the total amount at which the plant and fixtures are carried and the corresponding comparisons of the other items, supply clue to the character of the business and of the records. One of the not uncommon discoveries is that the plant has been arbitrarily written up or depreciation deliberately omitted, in order to cover up an operating loss. The value of any such comparison, or, in fact, any study of the borrower's statement, depends primarily on whether or not the submitted figures are correct.

As a check on the accuracy of the figures and to gain an impression as to the character of the business and the efficiency of the management, it is desirable for a representative of the credit department to visit the place of business. Some of the best managed credit departments visit every new loaning account. A policy of visiting every account avoids the implication that the figures of any individual are being questioned, and besides, that policy yields facts that, even with a study of balance sheets and trade checkings, in many cases would not otherwise be suspected. There is a considerable class of intentional optimists who hate to list a liability. A bank investigator for this work should be a trained accountant so familiar with many bookkeeping systems that he knows how to get the story the customer's books tell; and above all he should have poise and tact. The company's own books should be gone over to see that they are in accord with the figures submitted to the bank. The profit and loss and surplus accounts should be examined, the accounts receivable should be inspected sufficiently to warrant an opinion as to their liquidity and a record should be made of the larger accounts payable so that the mercantile credit men concerned may be consulted.



3

CONDENSED INCOME OR PROFIT AND LOSS STATEMENT FOR THE PERIOD BEGINNING ..... 192 .. ← FILL IN DATES
AND ENDING ..... 192 ..

INCOME

GROSS SALES
LESS RETURNS AND ALLOWANCES
NET SALES
FROM INVESTMENTS
FROM DISCOUNTS ON PURCHASES
FROM OTHER SOURCES—items
TOTAL INCOME

EXPENSE

COST OF MATERIAL OR MERCHANDISE CONSUMED. To inventory at beginning of the year, add all purchases made during the year, and rem that total deduct inventory of current year
ACTUAL EXPENSE OF CONDUCTING BUSINESS, INCLUDING RENT, INSURANCE, ETC.
SALARIES PAID TO OFFICERS
INTEREST ON BORROWED MONEY AND BONDS
BAD DEBTS CHARGED OFF
DEPRECIATION CHARGED OFF
FEDERAL TAXES ACTUALLY PAID DURING THE YEAR
*RESERVED FOR FEDERAL TAXES FOR THE CURRENT YEAR
RESERVED FOR OTHER PURPOSES
TOTAL CHARGES
NET PROFIT OR LOSS

*NOTE—In No Provision Has Been Made for Payment of Federal Taxes for Current Year, State Estimated Amount . . . . . $.....

RECONCILEMENT OF SURPLUS

UNDIVIDED SURPLUS AT CLOSE OF PREVIOUS FISCAL YEAR $.....
ITEMS NOT APPLICABLE TO CURRENT YEAR:
ADD
ADD
DEDUCT
DEDUCT
NET ADDITION OR DEDUCTION
BALANCE
NET PROFIT OR LOSS AS ABOVE
LESS DIVIDENDS (PREFERRED (.....PER CENT)
(COMMON (.....PER CENT)
UNDIVIDED SURPLUS (See First Page)

**Fig. 3. Cleveland banks and many institutions in other cities use the forms of the Cleveland Clearing House which provide for profit and loss figures and for the reconciling of these figures with the balance sheet**

AN IMPRESSION should be formed as to whether accounting methods are complete and exact and as to whether the books can be depended upon. A comparison between the amount shown on the accounts payable ledger and what the creditors themselves state may furnish a clue. The bank ordinarily does not have time to make an audit. All that can be done on such a visit is to make certain that the statement submitted to the bank agrees with the borrower's own books and that nothing appears out of line.

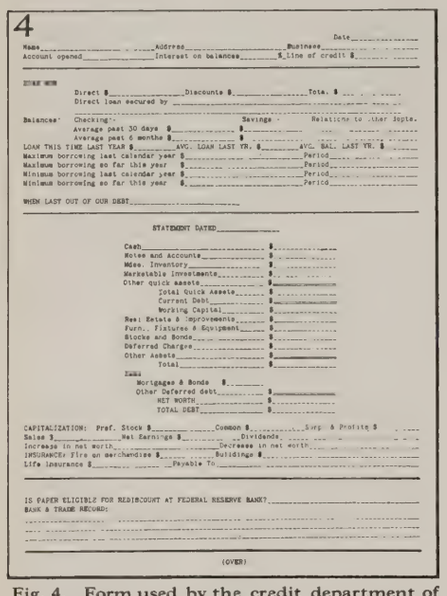
A quick check that is often found valuable, is to go over the retained copies of the tax return. On his income tax return the applicant is working from a different angle than for his statement to the bank and the examiner can usually be certain that the net income is not being overstated. This rule applies only when the net income is above the exemption point. The tax returns require balance sheets that must tie in with the income claimed thereon.

Merchandise is the most difficult item for the investigator to check. On businesses that are not too large he should take a quick look over the shelves and through the plant. Where he has had experience in such estimating, it is possible to form something of an idea of the amount of goods carried. A request may be made to see inventory sheets, but the tax return, if a material amount of tax is being paid, is probably the best guide, because few concerns wish to increase their merchandise account unduly when they have to pay 12½ per cent to do so. This check, of course, is only against unwarranted

optimism. Submission of incorrect figures may be due to failure to understand accounting principles or to faulty arithmetic.

Personal visits to the place of business cannot be neglected with safety.

A certified public accountant's audit removes the necessity for checking the books, and being much more complete,



4

Date

Name Address Business

Account opened Interest on balances $ Line of credit $

BANK NOW

Direct $ Discounts $ Tota. $

Direct loan secured by

Balances: Checking: Savings: Relations to other depts.

Average past 30 days $

Average past 6 months $

LOAN THIS TIME LAST YEAR $ AVG. LOAN LAST YR. $ AVG. BAL. LAST YR. $

Maximum borrowing last calendar year $ Period

Maximum borrowing so far this year $ Period

Minimum borrowing last calendar year $ Period

Minimum borrowing so far this year $ Period

WHEN LAST OUT OF OUR DEBT

STATEMENT DATED

Cash $

Notes and Accounts $

Mdse. Inventory $

Marketable Investments $

Other quick assets $

Total Quick Assets $

Current Debt $

Working Capital $

Real Estate & Improvements $

Furn., Fixtures & Equipment $

Stocks and Bonds $

Deferred Charges $

Other Assets $

Total $

Less

Mortgages & Bonds $

Other Deferred debt $

NET WORTH $

TOTAL DEBT $

CAPITALIZATION: Pref. Stock $ Common $ Surp. & Profits $

Sales $ Net Earnings $ Dividends

Increase in net worth Decrease in net worth

INSURANCE: Fire on merchandise $ Buildings $

Life insurance $ Payable To

IS PAPER ELIGIBLE FOR REDISCOUNT AT FEDERAL RESERVE BANK?

BANK & TRADE RECORD:

(OVER)

**Fig. 4. Form used by the credit department of the Citizens and Southern Bank of Atlanta in reporting to the loaning committee**

is most desirable. A visit to the plant and a personal impression of the organization is still helpful and, particularly where the visitor is an officer of the bank, is generally much appreciated and helps to hold business.

Consultation with mercantile credit men who are extending a fairly large line will be found to be helpful. It must be borne in mind, of course, that a mercantile house can safely extend credit that a bank can not. A 15 per cent profit justifies taking a chance which would not be justified on a 6 per cent per annum loan.

A CASH budget is distinctly helpful in setting the suitable line of credit. Normally this budget should cover a year by months, show the estimated sales, cash receipts, cash expenditures and cash deficit, if any. This cash deficit will have to be covered by borrowing and the amount should be accumulated from month to month, showing the peak and the probable rate of reduction. Any budget is, of course, an estimate, but lines of credit set after due consideration of such a budget, are more likely to work out than those based merely on the customer's random guess. A line of credit that will not carry the borrower through his season is worse than none. The bank once in, ordinarily must see him through.

In considering new lines, an established and well-defined loan policy is helpful. This policy of the bank should define how small a loan it will make, what types of collateral are acceptable and unacceptable, what requirements must be met for open credit, what lines of business will not be considered, and so on.

Mercantile agency reports on new customers are obtained by practically all large banks. A follow-up should be maintained, particularly where a promise of a more up-to-date report has been made. If the agencies have a record that the bank is interested, they will notify when suits or mortgages are filed or other unfavorable data develops.

Every risk, except where the margin of net worth is wide, should be checked to see that the bank will be protected in case of fire, in case a judgment for personal damages should be obtained against the borrower, or in case the individual, or (if it's a corporation) the main executive, should die. From the banking angle, there should be enough fire insurance so that the bank can be paid up after a fire disastrous enough otherwise to cripple the business. In some cases the bank may decide that it would not be satisfactorily protected unless the insurance policies are assigned to it. Without an assignment there might be a long and unsatisfactory period of liquidation before the loan could be cleaned up. The need of insurance from the credit viewpoint is the greatest where the net worth of the borrower is small.

Liability insurance is becoming of increasing importance with the widespread use of automobiles and the ever potential possibility of large personal damage verdicts. A small business, unless protected by insurance, might be quite suddenly and unexpectedly crippled. The liability insurance should cover the automotive equipment owned by the business, and if the business is a proprietorship, the owner's personal cars. General liability policies should cover any damage suits that might be filed by customers or passers-by, as well as by employees, for injuries.

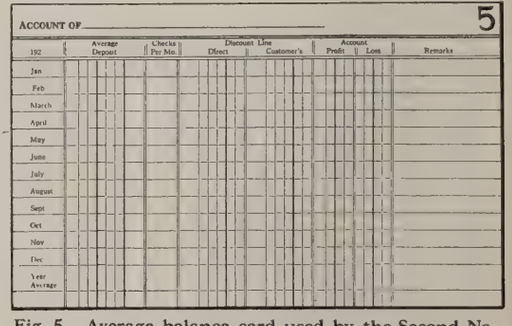
Other types of insurance that might have vital bearing on the case, in some businesses more than others, are employees' surety bonds, rent insurance, use and occupancy insurance, credit insurance, hail and tornado insurance, personal accident insurance, and surety bonds from contractors. The policy of carrying complete insurance is in itself a valuable "straw."

On established customers, the character of the checking account maintained is recorded and always considered. With many banks, the rule is that the average balance for the year must be 20 per cent of the average loan. An analysis based on per item cost and considering float, is an even better guide. The 20 per cent average balance is a requirement not altogether selfish, as the company that keeps a reasonable amount in cash can meet sudden demands without strain — a decidedly favorable credit factor.

ONE of the tests of a well-conducted credit department is whether or not it anticipates requests for credit. Nothing pleases the average customer more than to be granted a loan without the request "hanging fire." This can not ordinarily be done with safety unless information has previously been built up in the credit files. Many banks will not accept business accounts until the bank has gone over the credit situation and has told the new customer the approximate accommodations, if any, that he may expect.

A central file is maintained by a considerable portion of the larger banks as part of, or available for, the credit department. There is a card for every customer, which gives a brief history of the customer's connection with the bank, the type of account, his business connection, and any antecedent information that has been obtained. Antecedents are checked when the account is opened by reference to mercantile agency reports, by inquiring from banks where the account has been maintained previously and occasionally by more detailed investigation.

In organizing the credit folder, it is customary to use index sheets and to clamp these index sheets and all material in the folder. These index sheets carry tab designations such as



ACCOUNT OF 5

| 192 | Average Deposit | Checks Per Mo. | Discount Line: Direct | Discount Line: Customer's | Account: Profit | Account: Loss | Remarks |
|---|---|---|---|---|---|---|---|
| Jan | | | | | | | |
| Feb | | | | | | | |
| March | | | | | | | |
| April | | | | | | | |
| May | | | | | | | |
| June | | | | | | | |
| July | | | | | | | |
| August | | | | | | | |
| Sept | | | | | | | |
| Oct | | | | | | | |
| Nov | | | | | | | |
| Dec | | | | | | | |
| Year Average | | | | | | | |

**Fig. 5. Average balance card used by the Second National Bank of Elmira, New York, carries space for the loan record, the number of checks issued each month, and the profit or loss on an account as recorded from a detailed analysis**

"analysis," "statements," "agencies," "inquiries," "miscellaneous," etc. The folders may be divided so that all information furnished by the customer himself, which of course can be opened up before him, is on one side, and all confidential investigations and answers to inquiries are on the other side. There should be a summary sheet. This sheet may give the borrower's statements condensed to a few items, may include comments on the history

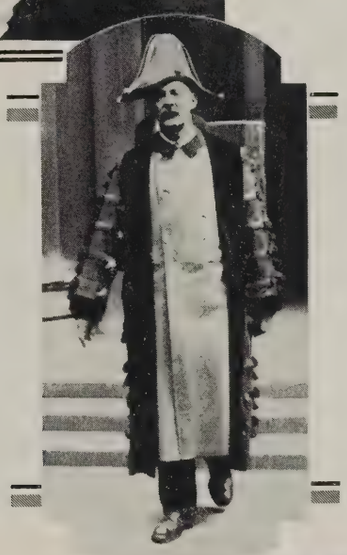
(Continued on page 38)

# With the Camera



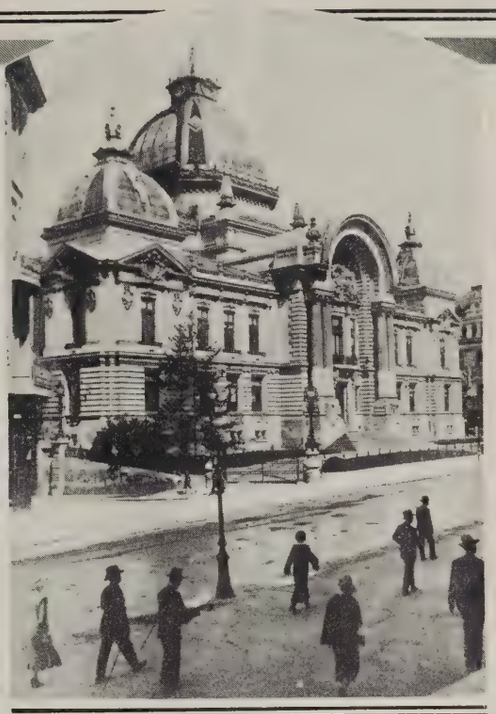
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The "biggest small bank in America"—the depository for seamen's savings in the basement of the Seamens Church Institute, New York City, where over $6,500,000 in wages have been deposited in the last ten years



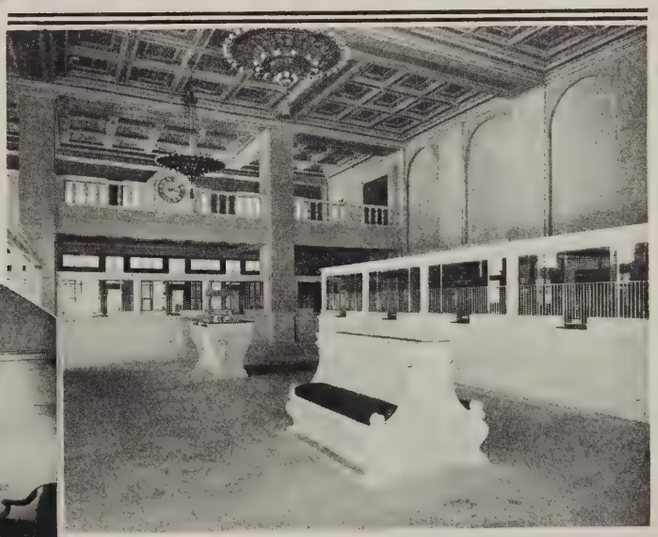
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He is one of the constables of the Bank of England



COPYRIGHT UNDERWOOD & UNDERWOOD

The beautiful building of the Bucharest Trust & Savings Bank in the capital of Roumania

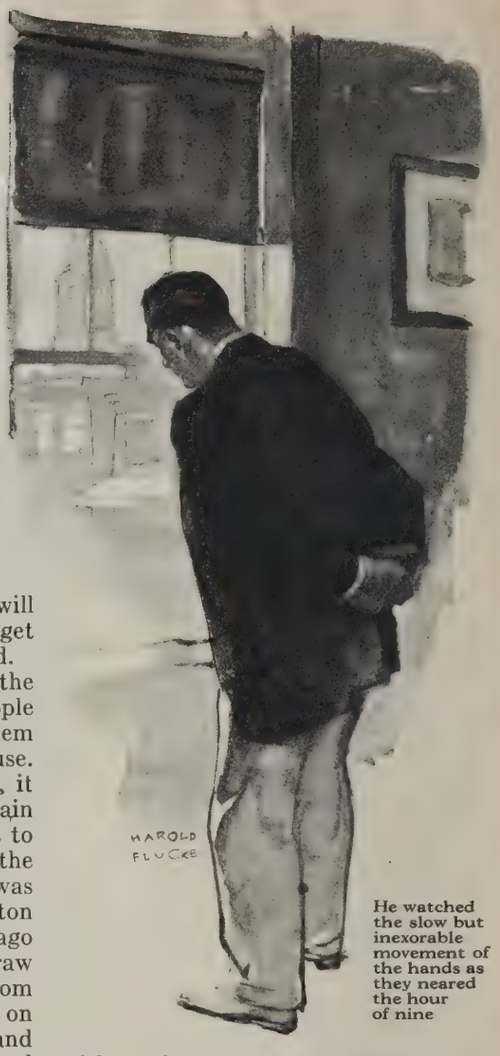




The president's office and a section of the main banking room of the United States National Bank of Galveston, Texas

# When the Town Clock Strikes

*By* ARTHUR F. McCARTY




He watched the slow but inexorable movement of the hands as they neared the hour of nine

THE strong face of Roger Quinn was set in stern lines that Saturday morning, as he stood at his side-rear window a half hour before the time for his bank to open. By moving well to the left, he could just see the face of the great clock set in the wall of the tower topping the city hall a block distant, and he noted with a feeling akin to despair the slow but inexorable movement of the hands as they neared the hour of nine. Nine o'clock and the opening of the doors of the Mapleton State Bank meant probable disaster to the financial institution he had so pridefully reared by a prodigal spending of the best twenty years of his life.

Turning, he moved with heavy step to his desk, where he studied for the hundredth time the statement of the bank's condition at the close of business the evening before. Frozen loans to farmers and cattle raisers, with reduced deposits and a depleted cash reserve, combined in figures perilously near the border line between solvency and utter ruin. He had told his wife nothing of all this, and she and their twelve year old son, "Dicky," believed that the bank and the family fortunes were as secure as the rock of Gibraltar. Roger Quinn let his mind dwell for a moment upon Dicky, and a little sob caught him in the throat as the vision of the manly little chap came before his mind's eye.

Back at the window again, he glanced at the face of the huge clock. The hour was almost at hand. He moved again, and looked from his office toward the front of the bank where he could see through the glass front doors. Two more minutes, and the doors would have to be opened, and already, there on the steps outside, eight or nine men had gathered into what his distorted vision called a line, waiting to get in and draw out their funds.

Roger Quinn was afraid, afraid for the first time in his long and honorable career, and the broad, thick shoulders that had stood so many times between some friend and trouble, drooped. Just then, the clear, bell-like tones of the big clock began booming out the hour—one, two, three—but before the last stroke sounded, Quinn was opening with his own hands the front doors of his bank, a task he had for years left to some of the employees, and meeting the incomers as they crowded through.

"Good morning, John; how are you, Mr. Velie; you're early this morning." He greeted them, scanning each face for signs of distrust of the bank and fears for the safety of their money. Once more, the heavy shoulders were squared to the world, ready to take what blows fate might offer.

"Why, this is Saturday; this will be a busy day, and we've got to get ahead of these farmers," one replied.

Saturday! Of course! And the town would be filled with the people from the country—and some of them would want to draw out money to use. Well, if they just spent it in town, it would all be back in the bank again Monday morning. So close he was to the ragged edge of failure. But the worst he had to look forward to was the visit of his close friend, Milton Bell, who had told him three days ago that on this date he expected to draw all of a special deposit of $5,000 from the bank to make the final payment on a piece of land he was buying—and the cash and sight exchange combined were down to the legal reserve!

The president of the Mapleton State Bank took his place at a window, —again following a changed routine— and kept an anxious eye on the transactions of the first comers. By mental gymnastics of a very agile sort, he managed to keep track of the other window as well as his own. The withdrawals and deposits were nearly equal, and the first hour passed with no especial change. He could detect nothing in the attitude of any customer to alarm him further, and concluded that his fears had been the fruit of his own anxiety.

TEN o'clock came and passed to eleven and nothing in the nature of a run developed. If only the two directors who were out scouring the country for payments on past due notes would bring in a little cash! And if something, anything. happened to prevent Milton Bell carrying out the intention he had thoughtfully mentioned beforehand!

A man entered the bank, a stranger, and came directly to the wicket where Quinn stood. An odd appearance he presented, for on that summer day with a sky of brass to torment the countryside still further after weeks of drought, the visitor wore a flannel muffler or scarf about his neck. "A traveling salesman with something the matter with his neck," Quinn thought as the stranger stopped.

"Are you Mr. Quinn?" he asked.

"Yes, that's my name. What can I do for you?"

"May I see you alone for a few minutes—private conversation?"

"What is the nature of it? This is a pretty busy day."

"That I can't divulge until we are alone," replied the stranger, looking about him with a furtive air. "I am sure you will say it is important when you hear what I have to say. I have nothing to sell."

Such mysterious statements on such a day could not go unnoticed, and the banker led the way to his private office where the side-rear window looked out upon the soil-flavored life of the community. When he turned to face the visitor, Quinn observed for the first time that he was carrying a black leather bag, which he placed on his knees as he sat down. Quinn saw before him a middle-aged man, of slender build, the light hair shot with

silver where the sun played upon it. He was a dapper sort of fellow, and seemed quite at his ease, notwithstanding the importance he had claimed for his errand.

"You may call me Sherill, James Sherill," he began, in a low voice but with articulation of words that cut clear. "That isn't my name, but it will be the name you will know me by."

"Say, what is all this strange business?" asked the banker, uneasy under the pressure that was upon him. He seemed to feel a heavy portent of something dire about to happen.

"I can't tell you just yet," said he who called himself Sherill while disowning the name, smiling in an evident effort to put the other at his ease. "I must have a promise from you first, that no matter what comes of this conversation, you will never reveal a word of it."

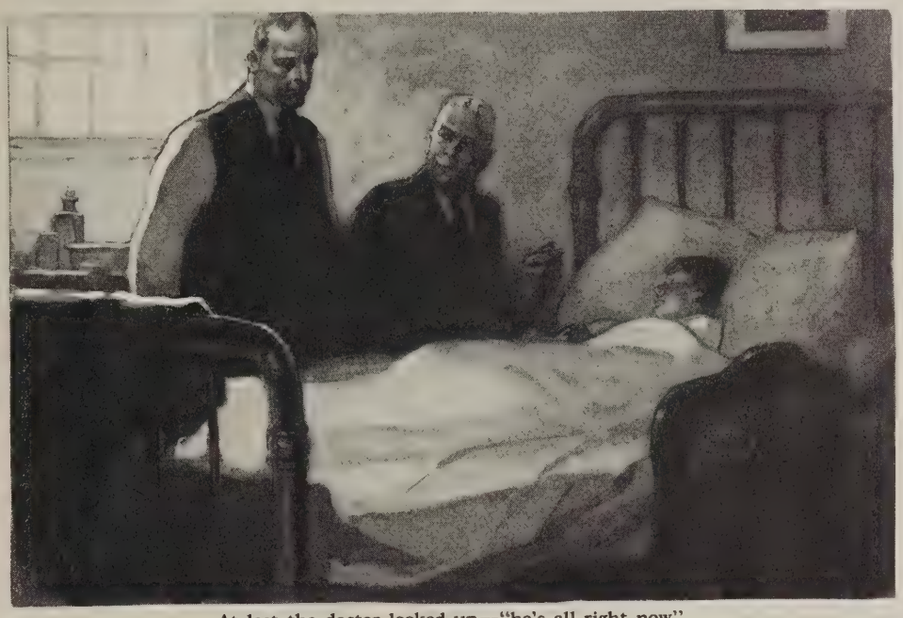
Mystified still further, Quinn sat a moment trying to see through the oddity of the thing. There was an air of wide-world citizenship about this stranger that made the banker wonder what had brought him to the country town of Mapleton with his peculiar business.

"Go ahead," he said finally, "I'll promise."

THE visitor hitched his chair nearer, glanced quickly around again, and began:

"You'll think me crazy or a fool—at first—but before I am through, you'll grant that I am neither. Mr. Quinn, I have in this bag twenty-five thousand dollars' worth of Liberty bonds, unregistered. You know that unregistered Liberty bonds are payable to bearer. All these bonds were stolen—just a minute, Mr. Quinn, don't get excited—these bonds were stolen, but not anywhere near here. They were taken in a burglary more than a thousand miles from this town, and I didn't help steal them, either. But my part of the job is to dispose of these bonds, and I want to leave them here with you." The man was speaking very rapidly now. "I don't want any receipt; I don't want the scratch of a pen from you or anyone else in the bank; I just want to turn these bonds over to you as an individual and have you give me your word that if I call on you again within two years but not sooner than one year you will give me twenty thousand dollars in cash. You can sell the bonds tomorrow if you like and do what you please with the money, and all you will owe me is twenty thousand on word of mouth payable on demand after one year but within two years. Should the numbers be traced back, you can't be touched, for the law is that a purchaser takes good title even from a thief to a security payable to bearer."

"Why don't you sell them yourself? They are readily negotiable."



At last the doctor looked up—"he's all right now"

"Can't do it, Mr. Quinn. I am known to the police of two continents, and if I were to try to place these bonds in the market, I'd be grabbed. I must do it through some intermediary I can depend on, and wait until the fuss blows over before taking the money."

"But why do you come to me? There must be plenty of fellows who can do it for you. You know nothing about me."

"I probably know more about you, Mr. Quinn, than you think. In the first place, I know you are honest and that I can rely upon your word; in the second place, by leaving the bonds here I will throw everybody off the track. Now I don't care about the money at present—haven't any use for it; if I were to spend it, I would be under suspicion. I'm willing to take this chance on you and leave all the cards in your hands. What do you say? I didn't try to fool you by any cock-and-bull story about where the bonds came from, as I might have, which ought to show you that I'm neither fool nor madman, but a man who knows just what he is about. Another thing, no need to let your conscience interfere, for if you refuse to accede, I'll simply find someone else who is willing to make five thousand dollars without risk or trouble."

ALL of this talk was of the quick-fire sort, and Roger Quinn's brain whirled with the details of the remarkable offer that had just been made him. Twenty-five thousand dollars would save the bank, it would save him and his wife Eleanor and Dicky. Before Sherill called for the money, another crop would have been raised and marketed and the trouble would be over. He tried to analyze it and see the weak spots; he searched his soul for a feeling of guilt for considering it; he looked for the unforeseen contingency; and with the figures of that great sum, $25,000, racing back and forth across the troubled recesses of his brain, it was impossible to weigh correctly and set wrong and right over against each other in their true proportions. Clever, damned clever, this stranger, to come to him in such a season on such a day with his weird proposition! "Suppose I don't happen to have as much money as twenty thousand dollars on hand when you call for it?" he asked, more to gain time for thought than to acquire the other's views.

"I see your point," was the quick answer. "I have given you free use of the money and it might be out on good paper but not instantly convertible. As to that, I'll notify you thirty days in advance of any request for funds; more, I'll be satisfied with whatever you are able to let me have, and will only require that eventually, say within three years, the whole twenty thousand will be available. Is that fair?"

"Yes, that's fair enough, for that part of it. You'll have nothing but my word and you won't dare sue—say, how do you know I won't conveniently forget all about you and the bonds in a year or so?"

The stranger smiled.

"Do you think I've come here without having investigated your record, without learning that the word of Roger Quinn can be taken for any sum for which he will give it? Let me repeat, Mr. Quinn, that I am neither fool nor madman."

It was like striking sparks from a diamond, this parrying words with Sherill, and Quinn reddened. He could not answer. Try as he might, he could not bring himself either to refuse the preposterous piece of business or to seize the opportunity which fate seemed to be offering him to save his bank.

"I must have a little time to think, Mr. Sherill. This is a very strange matter. You must understand that it is unlike anything I ever heard of before. I can't answer you in a few minutes on a thing like this." Quinn rose to his feet.

"I don't expect you to," replied Sherill, easily. "But you can give me an answer during the day, surely?"

"Come back at two o'clock."

The stranger got up from his chair, opened the black bag and took out something as he stood with his back toward Quinn. Some rapid movements followed, then he closed the bag and whipped off his coat of blue serge, quickly turned it inside out and replaced it. When he turned to face the banker, Sherill was no longer there, but a little, old, wizened fellow with a stubbly gray beard peered uncertainly through thick-lensed spectacles as he buttoned his coat of gray tweed over a soiled shirt that boasted neither collar or tie! In a whining sing-song voice he repeated what Quinn had just said:

"Back at two o'clock."

He left by the side door, and the portal had but closed upon his shambling figure, when the ring of Quinn's telephone aroused the banker from his stupefaction. It was a call from his home, and with the last word of the sentence, a new bludgeon hit Roger Quinn.

"Come home immediately, quick! Dicky was struck by an automobile and badly hurt! The doctor was just going by and they are bringing him in now. Hurry!"

STILL dazed by the extraordinary transformation in the man Sherill he had just witnessed, Quinn passed a hand across his brow. What next, he whimsically wondered, would this terrible day bring forth? But not for long. The stabbing thought of Dicky, his Dicky, his son, for whom the whole fight was, being hurt, brought him to a sense of reality. God, he might die! Dicky might die! Panic seized him again, and he fought it as he searched blindly for his hat, so that he was in a measure calm and collected as he passed through the bank on his way out, pausing only long enough to say to Smith, the cashier, "I must go home; Dicky's been hurt in an automobile collision. Get this! If anyone asks for me, be sure you tell them exactly where I am and what has called me away! Make no mistakes, now; I don't want anyone to think I have left the bank without urgent cause when I should be here!"

Roger Quinn had neglected but one thing in ordering the affairs of his life, and that was his own body. He had permitted it to grow fat and his muscles to soften. But as he came clear of the crowd of farmers and their wives, massed on the walks in the shade of buildings, he ran, and something of the methods of the old days in the academy returned to lend fleetness to his heavy legs and breath to his lungs, so that he wheeled into his yard and up the walk



"I've given you my word, but get out of my sight! Quick!"

still able to carry on. He saw Mrs. Quinn and the doctor in the hall by a door, and he came up to them quiet and contained.

"How bad?" he demanded of the physician.

"Can't tell yet," was the unsatisfying reply. "No bones broken but there may be internal injury—the fender hit him in the groin. If we can hold down inflammation—can you stay and help a little?"

With one motion, Roger Quinn stripped coat and vest from his body and threw them into a corner; with another, he threw his hat after them; and, like a being possessed, he was at the kitchen range getting the hot water called for by the doctor. Back again, he entered the room where Dicky lay, and instilled into the others some of his own fierce energy. For an hour he dominated the house as if he were a force of nature, or some mighty current of will power from on high, furnishing all the impetus to act, and asking of the doctor but his knowledge of what should be done. Then the doctor looked up and smiled, cheerfully.

"He's all right now."

Pausing for a few tender words to Dicky, the overwrought man hurried out to go back to his bank and what lay before him there. Milton Bell would be coming in, and he must be on hand to cope with that situation. Twenty-five thousand dollars! His sight swam with the figures, and his senses mocked him with the feel of piles of money—enough money to save the bank, to save him and his wife and Dicky. Twenty-five thousand dollars! The Liberty bonds could be sold within twenty-four hours at par and the money placed to the cash reserve of the bank. Twenty-five thousand dollars! That much to the bank's credit in the city correspondent bank would carry him safely through the quagmire to the solid ground beyond.

THE big clock in the tower boomed out the hour of one as he passed the city hall, and the stroke of the hammer rang out of the sum of the bonds carried by the thief in the leather bag. THIEF! Twenty-five thousand dollars! Bonds! With faculties reeling, Roger Quinn entered his bank, struggling for composure as he passed between the few persons in the lobby. They must not see how agitated he was. Twenty-five thousand dollars!

"Has Milton Bell been in yet?" he asked of the cashier.

"No. He telephoned that it would be about three o'clock."

And Sherill would be back at two o'clock for his answer. Two o'clock; three o'clock; twenty-five thousand dollars. And a new cycle set itself going inside his head, which was now aching fiercely from the heat and the unusual exercise he had taken. He went directly to his room in the rear, where he took up his post at the side-rear window to think it out.

It was impossible, he found, to hold the man Sherill steadily in his thoughts. They stubbornly reverted to Dicky, lying up there at home on the bed, fighting back to life. Was the doctor right? What if he had been mistaken about something? If Dicky should not make it, after all, because of some inward hurt, what difference would it make about the bank? Was it wrong to take the bonds? Twenty-five thousand dollars! Two o'clock! Three o'clock!

The telephone rang again, and mingled with the tinkle of its bell, the loud strokes of the town clock marking the hour of two broke upon his ears. He took up the instrument and heard his wife's soft voice assuring him that Dicky was all right, and that the boy had just said something about how much he loved Daddy.

(Continued on page 34)



A socialist meeting in Trafalgar Square in 1909—first agitation for an old age pension plan

# England's Old Age Pension Plan

## The Pensioning of All Workers at 65 Is an Investment in Industrial Recovery and a Challenge to the Radical Groups

*By* FRANK PLACHY, JR.

*Photos by Ewing Galloway*

FACING the greatest problems in its long history as an industrial and world-trading nation, England has boldly planned a step that is variously regarded as the greatest piece of social legislation ever enacted, as the soundest remedy for the present widespread unemployment, and as a challenge to the radical groups who are agitating for changes based on bolshevist ideas and who would destroy the system by which the British Empire has built up its present wealth and world power.

To old age the large majority of England's population look forward in terror. Wages are low, times have long been hard and it is next to impossible for the great majority to lay by enough savings to protect them against possible misfortune. The government now proposes a plan of old age pensions starting at 65, widows' pensions, and a drastic readjustment of the present old age and unemployment insurance plans. The fear of finding themselves in old age without the necessities of existence will be removed from the minds of more than 70 per cent of the nation's population, and the greatest argument of the radical enemies of peaceful society will, it is believed, be effectually silenced.

England for some years has had both old age pensions, starting at 70, and unemployment insurance. Both were instituted when there was little actuarial information on which to base rates, and the unprecedented conditions of the war placed unexpected burdens on both plans. It is now proposed to correct both.

Up to 1914 the productive plant of England grew yearly by just about enough to afford work to the increasing population. This annual expansion came to a dead stop with the outbreak of the war and has never caught up. There are today in England 1,250,000 men and women living on unemployment doles—a total approximately equal to the increase in population. This means that for every nine persons actually at work, another must be supported in idleness, and the consequent burden on industry is becoming unbearable. Workers, employers and the government contribute to the present unemployment fund, but the drain is now so much greater than the provision for it that the government is now paying very much more than its expected share.

The job of finding a remedy for the present intolerable situation faced the present Chancellor, Winston Churchill, and it must be said that he rose to the emergency with a plan truly revolutionary in scope and extraordinary in breadth. He proposes to accomplish at one stroke more than all the socialist, communist, labor and other dissatisfied elements ever demanded in their wildest soap-box orations, and the people of England are now amused by seeing the ground cut from under the radical groups by the party they had always held up as the enemy of the working man.

THE present unemployment insurance covers about 15,000,000, so that, allowing for an equal number of dependents, more than 70 per cent of the population is covered. The present old age pensions start at 70, but are hedged about with many restrictions



Mostly old men on the furnaces of a colliery in Southwick

concerned with other means possessed by the pensioner and with a variety of rules that have proved difficult to enforce and humiliating to those affected. The new plan eliminates all that and makes every worker eligible for a pension at 65.

In addition to the old age pension, the provision of the new plan that has aroused the most favorable interest has been the scheme for widows' pensions. The widows of all men insured in the health insurance scheme who die after the first of next January will receive 10 shillings ($2.50) a week for life, besides five shillings for the eldest child and three shillings for each additional child until they reach the age of 14. Every wife of an insured man and every child will have that security behind them after the beginning of the year.

Secondly, all existing widows of men who were pensioned under the plan and who are now mothers with children under 14, automatically come into the plan January 1. These will receive pensions as a free gift of the state until six months after their youngest child is 14. This provision affects 200,000 widowed mothers and 350,000 children from the first of the coming year. Existing and future orphan children will receive seven shillings six pence for the first orphan and six shillings for other orphans. Thirty thousand such orphans will be eligible at the beginning of the scheme.

FINALLY, from January, 1928, all contributors, male and female, who have been contributors to the fund for five years and who have paid two years' contributions under the new plan, less than £1 in the case of men and 10 shillings in the case of women, who are over 65 years of age or who subsequently reach that age, will receive 10 shillings a week, regardless of their means or state of health. The same benefits at 65 will be given to the widows of contributors who have entered upon pensions. If a man has entered upon a pension and his wife becomes 65, she will receive a pension of 10 shillings per week in consequence of his pensionable rights. And lastly, there are about 100,000 persons in England now eligible to receive old age pensions at 70, but who cannot get them because they are retaining their jobs. All these restrictions are swept away and they will receive their pensions whether they continue in industry or not.

There was a tremendous amount of actuarial labor to be performed before the new plan could be publicly announced. A committee appointed by the former Coalition government has been working on the figures for three years. The new scheme involves a present capital value of about £750,000,000 in liability, but the plan which is to govern the operation of the fund spreads its cost and calculations over a period of eighty years. Workers coming under the scheme will pay four pence a week in the case of men and two pence a week in the case of women from the age of 16 and their employers a like amount. The balance necessary is supplied by the state. It is calculated that the cost to the state will be £4,000,000 beginning the third year and rising to £15,000,000 by the tenth year. At the twentieth year the plan will cost £24,000,000, and will start to decline after thirty-five years, when the fund will begin to be on a sound actuarial basis from the payments of workers and employers alone.

THESE may seem like large additional items of expenditure for England to take on at a time of industrial depression, but it must be remembered that it is today paying £67,000,000 a year in war pensions and that this amount will decrease faster than the collections under the new plan will grow. It is as a war memorial that the Chancellor asked the Commons to look at the plan. In the course of his brilliant budget speech—after saying he could have used the reduction in war pensions for the relief of direct taxation but preferred to use it for widows and old age pensions—Mr. Churchill said: "We have deliberately decided not to do it, but to use this diminishing charge as a great instrument and lever to bring this new

(Continued on page 28)



The day's end—an engineering works in Manchester



A characteristic California bungalow erected under the boughs of this centuries-old Live Oak

# Escrow, Grown In California

## The Scope and Methods of Cultivation of a Department Highly Developed Under the Most Favorable Conditions

*By* HY. W. SANDERS
Citizens National Bank, Los Angeles

ALTHOUGH its functions are perhaps duplicated in the trust departments in other states of the Union, the escrow department as a definite, distinctive unit of the bank's activities, seems to be peculiar to California.

The curious word "escrow," according to the law books, signified in Old English a scroll of parchment. Its distinction from the more formal title "deed," or "indenture" arose from the fact that it had not been executed. After the solemn "signed, sealed, and delivered" ceremony, the scroll became a deed, or, if cut with a sharp knife in a waving line so that thereafter the two copies must always "tally," it became an indenture. In each case it became in the eyes of the law a solemn covenant, binding its makers for all time, unless revoked by another deed with the same solemnities. At the outset, however, it was merely an "escrow" or writing containing the terms of the contemplated transaction.

The historical setting fits very well the conception embodied today in the escrow department, for it deals with the unfinished stages, and acts as trustee for the various parties before their bargain is cemented into a legal covenant by the completion of the preliminaries. The most usual business before it is that involved in property sales and purchases.

The function of the escrow officer is to hold in trust the payments made. In the case of property sales, the money is held while the title is being searched. The escrow officer further protects both buyer and seller by seeing that all the various conditions named in the preliminary agreements are carried out before the escrow is closed and the money handed over. Advertisements are used effectively in the Los Angeles newspapers to show clearly the relationship between the escrow department and the buyer and the seller, in a typical transaction.

A recent case which came to our notice demonstrated the need for the functions of the escrow department. A Hollywood woman bought a home from a friend whom she had known for a long period, and never for a moment doubted that everything he might represent to her would be in the most perfect order. He was anxious to leave for the East, where some business interests of his had fallen into difficulties, and he sold his fine house to the woman in question. She gave her check for the full amount, received a deed to the property, and said farewell to the seller, who departed for other parts. Later when her attorney sought to obtain title, it developed that liens for

materials and labor to the extent of over $5,000 were standing against the property. The seller, by this time in a distant state, had become involved in financial troubles, and a lawsuit against him to recover the price paid was not advisable. In the end the purchaser was obliged to pay off the liens and lost $5,000.

Such cases fortunately are not common, but they are always possible, and the escrow department, at a nominal cost, furnishes protection against like losses.

The most important condition attending the acceptance of an escrow by the bank is that the buyer and seller shall have definitely agreed among themselves on the full terms of the deal. To ensure this, the bank at the outset takes the most complete instructions. The banks of Los Angeles have had an inter-bank committee at work for a number of months evolving standard forms. This committee, composed of the principal escrow officers of the banks, have now a complete set of uniform instruments.

The important form of Instructions of Parties recites the contract, the names of the parties, and the property involved, giving a full description of the latter. There is a protective clause whereby the parties agree to exonerate the bank, and the escrow officer, from anything short of gross negligence. Then follow the respective instructions of the various parties, together with schedules, etc., where needed, and finally the document is signed and witnessed, forming a complete record of the contract. Care is taken to include all the contingencies which might reasonably be foreseen.

Each escrow is given a number, and all documents are kept in the numbered docket. Checks are drawn by the escrow officer as payments are made, and this part of the business is checked by the auditor exactly as any other receiving and paying department is checked. A card ledger system keeps the records within the escrow department, and there is a periodical reconciliation with the balance as shown in the general ledger. Where the volume of business is steady there is at all times a sizable balance on the account, forming an indirect source of profits.

THE three most usual property transactions handled are those between: (1) Buyer and Seller; (2) Mortgagor and Mortgagee; and (3) Property Exchanges, with or without additional payments.

The simplest courses are those by which property is sold, or a mortgage is extinguished, by cash payments. There the escrow officer simply holds the purchase money in trust until the completion of the transaction by delivery of a policy of title insurance. In some cases the buyer is satisfied with a simple certificate of title, as recorded, without the full policy of insurance.

Usually, of course, there are various complications in the deal, and often there are quite a number of incumbrances of various types to be taken care of in different ways, according to the instructions. Mortgages have to be paid or transferred, taxes must be paid, or verified as having been paid, street assessments paid, and searches made for liens on account of labor and materials. The seller is interested in seeing that mortgages are properly discharged, and that title is given only as promised in the original agreement.

Some interesting cases arise where there are a number of parties, like a family estate divided under agreement among the heirs and beneficiaries. In other cases the property may be entirely or partially located in another state. These must be governed by the circumstances of each, and much assistance is given by correspondent banks in other cities or through legal channels.

Escrow officers need not be members of the legal profession. The same qualifications which fit a man for an official position in a trust department are required for escrow practice. Fees are determined on a percentage basis of the sum involved, together with the amount of work required under the escrow, with a minimum of $10. Fees can be quoted in advance. The drawing of instruments incidental to the work, necessitates special fees.

In addition to the work connected with property sales, some new avenues

(Continued on page 26)



The Escrow Department is in the center of the bank. The New Accounts Department is in close proximity—desirable accounts originate through escrows

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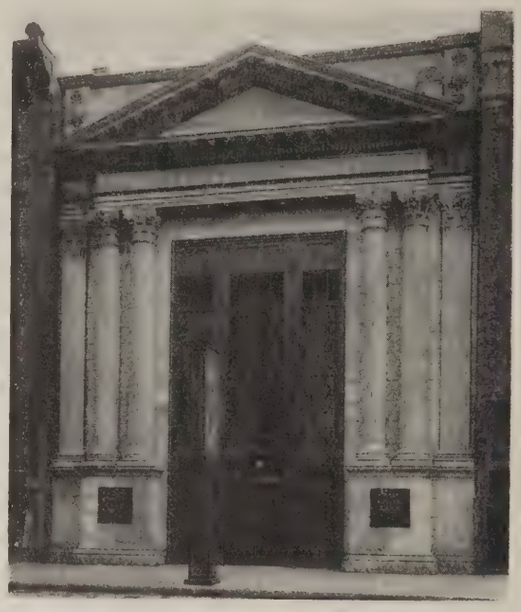
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*Design, Engineering Service*
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CHICAGO

## Escrow, Grown in California

(Continued from page 22)

of usefulness have recently opened, and there seems every reason to believe that this process will continue.

For example, an irrigation district made agreements with a syndicate to sell several million dollars worth of bonds. The unissued securities were held in escrow by the bank, and drawn as the bond houses succeeded in disposing of the securities. They were handed over day by day, in denominations and maturities as required by the purchasers, and the proceeds credited to the irrigation district.

Another frequent assignment for the escrow department is the duty of acting as depository for corporations in the process of formation. Under California "blue sky" laws, the sale of securities to the public is not allowed until the issue is approved by the State Corporation Commissioner, and while this consent is being obtained the preliminary capital payments are held in escrow.

Peculiar to Southern California, perhaps, are the oil escrows. Under these agreements the big oil companies hand over each month to the escrow officer, a check for the royalties earned on a specific property, and this is distributed in accordance with the instructions of owners, lessors, etc., according to their respective interests.

THE rapid development of Los Angeles and the surrounding cities in recent years has occasioned considerable activity in real estate, and according to very conservative estimates, based on building permits, gas and water connections, etc., this increase is still going on at the rate of about 100,000 people per year. It will be seen therefore that there is a real sphere of usefulness for the efficient escrow department.

One reason for the increase of escrow business is the striking volume of real estate transactions in Los Angeles and Southern California. Despite the fact that the "boom" in far-flung subdivisions came to an end over a year ago, there is an active demand for all improved and close-in properties. In the business district values are higher than ever before, while in established suburbs it is very hard to pick up bargains.

Realty transactions filed with the County Recorder, and evidencing real estate sales, numbered 48,176 in the month of April 1925, as compared with 39,495 in April 1924. Building permits have been averaging around $15,000,000 a month, and both postal receipts and bank clearings have been steadily increasing.

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New and improved quality of equipment—finished in a new color—gunmetal grey Duco.

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**The Coupe - $675**
New and improved quality of equipment—former price $715.

**The Coach - $695**
New and improved quality of equipment—former price $735.

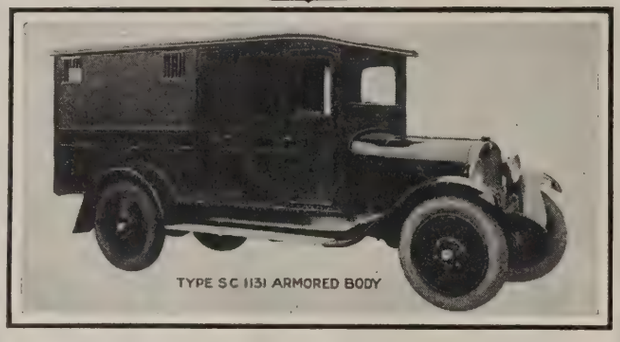
**The Sedan - $775**
New and improved quality of equipment—former price $825.

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## England's Old Age Pension Plan

(Continued from page 20)

scheme into existence and turn it to another and, I think, even better purpose. If I may stray for a moment from the dusty highroad of facts and figures on which we have been marching and are still to march, and turn aside into the path of fancy, I would say that I like the association of this new scheme of widows' pensions and pensions at 65 with the dying out of the cost of the war pensions. I like to think that the sorrow and sacrifice and the suffering have been the seed from which a strong tree will grow under which perhaps many generations of British people may find shelter against some at least of the storms of life. It is surely the finest war memorial you can set up to those who gave their lives, their limbs, their blood, and who lost their health or their dear ones in their country's cause."

The whole proposal of the government has met with a remarkably favorable reception except by the socialists and the radical trade union crowd. These classes find their thunder stolen. All they can say is, "If we had been in power we would have given you something better." But the fact is that the late Labor government failed to achieve any genuine social reform.

From the economic standpoint the most important point of the whole scheme is this: There are estimated to be more than a million people in England over 65 years of age who are still wage earners. It is calculated that enough of these will retire on pensions to bring the unemployed workers now on the dole down to 800,000, after which the present unemployment insurance fund would be on a self-supporting basis.

In this way young men would be put to work, the unemployment dole would be robbed of many of its economic and social terrors, production would be cheaper and an old age of peace and comparative comfort would be assured to old men and women thus enabled to retire. Russian experiments would then find few English imitators.

*Editor's Note: This is one of a series of articles by Frank Plachy, Jr., formerly of the National City Bank, New York, now a resident of London, reporting on financial and economic subjects vital in Great Britain. Others by the same author will appear from time to time.*

## With Checking Privileges

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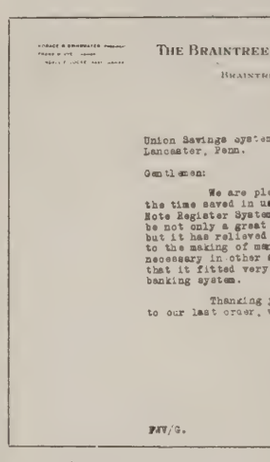
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## The 30 miles per gallon car

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*"Good Things for Banks"* LANCASTER, PA.


# Foreign Loans and the Three C's

(Continued from page 7)

particular issue is an internal or an external obligation. The former are usually held by the citizens of the issuing country, while the latter are generally sold abroad. The external obligations of a country generally may have no legal priority over the internals but there is a stronger economic, if not moral, force behind such issues. Any default on an external issue is bound to impair the credit standing of the nation in the money markets of the world, while a repudiation, partial or complete, on an internal obligation falls largely on domestic holders and so affects less directly the foreign investors. Thus, for example, the Republic of Colombia in its recent issue of 6 per cent bonds due 1947, states that "Colombia has not delayed or defaulted in the payment or principal of any of her present outstanding external debt."

CLOSELY related to the classification of foreign bonds according to whether they are external or internal, is the factor of currency. These issues may be payable in the home monetary unit or in some foreign unit. In general, internal bonds are payable in the home unit, while external issues are paid in foreign currencies. Most of the foreign bonds floated in the New York market are payable in dollars. One would therefore expect them to be uninfluenced by any variation in the exchange rate of the issuing country, but as a matter of fact, fluctuations in the exchange rates generally cause similar movements in the dollar bond of foreign countries. Thus for example, as the franc has moved upward and downward within the past few years, the quotations of the French "7's" and "8's" have risen and fallen in sympathy. As in the case of the domestic securities, foreign issues may be classified according to whether the obligation is simple or reinforced. The first class is sometimes described as "unsecured," in the sense that it represents only a general claim upon the borrowing country and is otherwise unsupported. The term "unsecured" is rather misleading when applied to foreign bonds, because the very fact that they are thus unsecured may in itself be an indication of the strength of the obligor. A foreign country may possess so high a credit standing in the international money market, because of its strict observance of financial morality in the past, that its obligations even though unsecured inspire the confidence of foreign investors (see accompanying table).

Other governments, however, find it necessary to reinforce their obligations either by guarantees or by liens. A guarantee is an additional pledge whereby one country assumes the obligations of another. Such guarantees are accepted by a government in cases where the weaker government is either a subdivision, a colony, or stands in some dependent relationship. A bond may also be reinforced by a lien or additional pledge of property.

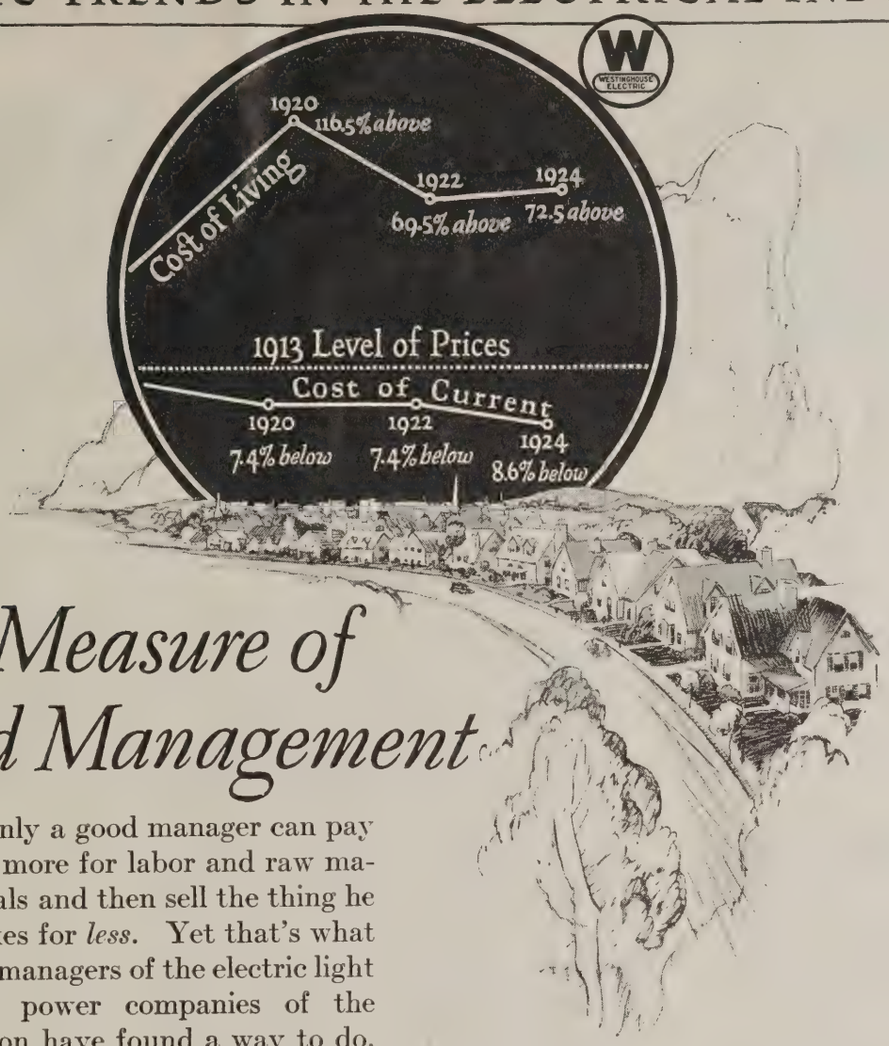
GENERAL property is really of little value as security. Natural resources such as unused minerals, or unharnessed waterfalls cannot be transported beyond the borders of a debtor state, and therefore are of a relatively small value. Specific security where it yields a current income may possess a certain value. Thus, the 4½ per cent loan of 1905 of Japan, for example, is based upon the revenues derived from the government tobacco monopoly. Also a number of the South American government loans are secured by liens on customs duties. But even this security becomes of doubtful value, if the borrowing country is unwilling to have such revenues collected for the benefit of foreign bondholders. Thus in the last analysis, the value of foreign bonds rests largely upon the borrower's general credit as expressed by the elements of character, capacity, and capital.

*Government Bond Issues* *

| Country | Total Issues | Secured | Unsecured |
|---|---|---|---|
| France | 30 | 8 | 22 |
| Germany | 22 | 2 | 20 |
| Italy | 13 | 0 | 0 |
| Japan | 15 | 2 | 13 |
| United Kingdom | 38 | 2 | 36 |
| United States | 20 | 0 | 0 |
| Argentina | 48 | 12 | 36 |
| Hungary | 17 | 1 | 16 |
| Uruguay | 20 | 7 | 13 |
| Mexico | 6 | 3 | 3 |
| Bolivia | 4 | 4 | 0 |
| Columbia | 7 | 4 | 3 |
| Ecuador | 4 | 3 | 1 |
| Peru | 8 | 7 | 1 |
| Venezuela | 2 | 2 | 0 |
| Greece | 26 | 19 | 7 |
| Costa Rica | 3 | 2 | 1 |
| Guatemala | 1 | 1 | 0 |
| Honduras | 4 | 4 | 0 |
| Nicaragua | 2 | 2 | 0 |
| Salvador | 3 | 3 | 0 |
| Montenegro | 1 | 1 | 0 |
| Portugal | 5 | 3 | 2 |
| Serbia | 13 | 9 | 4 |
| Cuba | 6 | 6 | 0 |
| Liberia | 1 | 1 | 0 |
| Haiti | 4 | 4 | 0 |
| Dominican Republic | 4 | 4 | 0 |
| Panama | 5 | 4 | 1 |
| Persia | 1 | 1 | 0 |
| Turkey | 18 | 12 | 6 |
| Egypt | 3 | 2 | 1 |
| China | 38 | 30 | 8 |

*Figures derived from data found in Moody's analyses of Foreign Government Securities. Volume for 1925.

## ECONOMIC TRENDS IN THE ELECTRICAL INDUSTRY




# *The Measure of Good Management*

Only a good manager can pay out more for labor and raw materials and then sell the thing he makes for *less*. Yet that's what the managers of the electric light and power companies of the nation have found a way to do.

Coal, wages, building materials—all are higher than they were in 1913. The living costs of the people stand 72 per cent above the 1913 level.

Yet the rates for electric current have not risen, but have *dropped*. Today they are 8 per cent *less* than they were in 1913.

More than 49,802,000,000 kilowatt-hours of electrical energy were consumed in the United States during 1920. This was more than was consumed by all the balance of the world, put together.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
EAST PITTSBURGH, PA.

# Westinghouse

Westinghouse has contributed to the widespread use of electricity both by giving the world the alternating current system and also by improving the equipment used for the generation, distribution and application of current. Today, with Westinghouse equipment, 15½ pounds of steam will produce one kilowatt-hour of electrical energy. In 1900, twenty pounds of steam were needed to produce a like amount of energy.

# New Idea Increases

## bank deposits by millions

Every progressive bank may now take advantage of this remarkable nation-wide program in its own community.

THERE is now appearing in the leading national magazines an immense educational program on banking.

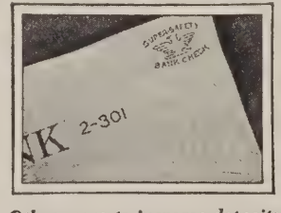
Every month these articles are read by 20,000,000 people whose incomes are sufficient to be desirable depositors.

This campaign has just begun, yet already banks report it is bringing a remarkable increase in deposits.

***In your community this plan benefits YOU***

Men and women in your city are reading this advertising because it is intensely interesting. It shows them the important part their bank plays in making them financially independent. It is creating new bank depositors in every locality in America. *It is making present customers decidedly more valuable.*

At the same time these 20,000,000 people are being shown the protection from fraud which Super-Safety Bank Checks give. And what ordinarily is an item of merely bank supplies—just checks—now is given a business building value.




***Other ways to increase deposits***

So that you may receive in your locality the greatest possible benefit from this national campaign, we offer you without charge a very remarkable plan. A complete year 'round advertising campaign *for you to run in your own local papers over your own name.*

One of the leading advertising organizations in America prepared this material. You could not possibly obtain it in any way other than through our cooperation. It includes many business building plans which have been tested and proved profitable by leading banks. Some have increased their deposits by thousands of dollars.

Let us tell you about these plans more fully. How they will help your own bank. Write immediately.

SUPER-SAFETY BANK CHECK

*Super-Safety Bank Checks protect depositors against check fraud. They are made of the safest check paper supplied by any bank.*

BANKERS SUPPLY COMPANY, Division
THE TODD COMPANY
5948 So. State Street, Chicago

*Business-Building Merchandise for Banks*

New York Rochester CHICAGO Denver Dallas


# The Compound Interest Column

*By* DON KNOWLTON

I AM surprised that golf clubs in this country have not imported the famous Service Ant, so common among the wilds of the interior of Thibet.

These curious little insects are indefatigable in their industry and amazing in their optimism—so much so, in fact, that if their ant hill is destroyed, they are capable of reproducing it in the same spot within a space of time of only three minutes!

Think what a treasure a colony of these Service Ants would be at the first tee! That exquisitely-formed, properly conical, suitably elevated ant hill, always ready for the ball—a million willing servitors to repair it at once at the first sign of damage—!

### *Auction Bridge Suggestions*

1. When the game is suggested, and you are approached with reference to the subject, say, "Oh yes, I play—let's see, it's something like Five Hundred, isn't it?" This gives the hostess an opportunity to suggest a game of tiddle-de-winks or leap-frog instead.

2. However, if the hostess still persists, and you find yourself seated at the card table, as soon as the deal comes to you, spill the cards when you shuffle, and step on the hostess' toes as you pick the cards up. If she still smiles, misdeal.

3. If you find yourself still in the game, blow smoke in the ladies' eyes, and knock your ashes on the rug.

4. If worst comes to worst, you can try telling stories. Wait until the hostess has bid four, has taken in eight tricks—and then begin, "That reminds me," etc.

5. If that does not work, try putting a heart with your diamonds, and then, when it falls on a diamond trick and the noise begins, say, "Oh, pardon me! I thought it was a diamond—can't we just take the cards all back, and start over?"

6. If nothing avails—if you are still stuck at the card table when refreshments are served—spill your coffee into the lap of the lady at your right. This never fails.

### *The Way to Handle Your Checking Account*

By M. T. Till, Vice-pres.

We are directing this little message toward all who have personal checking accounts at our bank in order to familiarize you with proper habits and methods in the handling of your account—methods of which perhaps you are not fully cognizant.

First of all, bear in mind that the bank makes no money on your business—in fact, we would rather not have it at all. It is only through our loving kindness that we permit you to utilize our checking account facilities. In view of these facts it is, of course, imperative that you maintain at all times a balance equal to at least 95 per cent of your monthly income. In order to do this certain precepts must be followed:

Firstly, never pay a bill by check and never write a check payable to "Cash." These practices, although all too common, are pernicious and should be vigorously discouraged. The solution lies in not paying your bills—or better still, in not buying anything.

Secondly, never write checks for large amounts. It is unfair to the bank and a bad habit to get into personally. The only worse habit is to write checks for small amounts.

Thirdly, never write any checks at all. If you must have a petty cash account, use the savings department, which is organized for that purpose.

Only by the careful observance of these rules may your checking account balance be maintained at an amount commensurate with this bank's extraordinary service to commercial customers.

### *Today's Lesson for Little Tots*

Come gather, children, as I tell
  A tale that teaches you
To cherish flies and guard them well,
  As all good bankers do.

The banker is a kindly man,
  He loves the humble fly,
He will not swat it, for he can
  Not bear to see it die.

A touching sight for youthful eyes
  Are banking windows bright,
All set aside for nice young flies,
  As playgrounds, sweet and light.

There little flies will grow to be
  A credit to their dads,
Without a fear of treachery,
  Or traps or poison pads.

And when their care-free lifetime ends,
  And flies of old age die,
The banker, loath to part with friends,
  Just simply lets them lie.

Now children, from this tale pray glean
  A thought for future days,
It *costs* to keep bank windows clean,
  And that's why kindness pays.

(We will now all arise and sing, etc.)

---

There's many a sup
'Twixt the hip and the cup.

# Examples of Modern Bank Construction



Crawfordsville State Bank
Crawfordsville, Ind.

IN BANK DESIGN one looks for simplicity, dignity and durability, more perhaps than in any other class of buildings. Just as the banker himself is an important and stabilizing factor in his community, so his building should lead and rightly influence the architecture of his community. The home of a well founded banking institution should not merely house a bank; it must be designed to hold its own among other buildings; its simplicity and dignity must dominate. Its style and character should be permanently acceptable, not merely reflecting the fad of the moment, since it is built not for this year or decade, but for a long period of time.



American Exchange National Bank
St. Louis, Mo.

¶ The first question to be considered when contemplating the erection of a building is whether it is more advisable to erect an exclusive bank building or to erect a combination bank and office building. This is a matter of investment and income, based on the value of the ground on which the building is to be erected, and the probable income that can be derived from the office space.

¶ The bank architect who devotes his entire time and attention to the designing of banks gains knowledge and information which one who plans and equips a bank occasionally has no means of acquiring. This is quite logical and should require no discussion, but unfortunately many bankers go to some friend or patron who is an architect, without considering the man's ability or experience along special lines. He may be a splendid architect, yet not be a bank specialist.



Waukegan National Bank
Waukegan, Ill.

¶ What are other essential elements to consider in planning a bank building? The *plan*, with especial consideration for the addition of 50 or 100 per cent more space, should be the prime consideration. Strange as it may seem, this idea of additional space is usually not considered at all—either first or last. It has caused many institutions to pay liberally or even extravagantly for ground alongside their buildings that need not have been purchased at all if their buildings had been designed and planned for additional stories.

¶ Many two- or three-story bank buildings are paying taxes on air space above their buildings that is costing them mightily because their buildings are so planned and constructed that they cannot add other stories. The ideal bank building should, therefore, be planned to add extra stories.



Bank of Edwardsville
Edwardsville, Ill.

¶ Anyone contemplating the erection of new banking quarters or the remodeling of an old bank building will do well to investigate our single contract plan, which keeps under one control all details of plan, construction, decoration and equipment. Our one organization does it all. No division of responsibility. No uncertainty as to costs. You know in advance exactly who is doing the work, when it will be finished and how much it is going to cost you. An inquiry involves no obligation and may save time, money and annoyance.

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ST. LOUIS, U. S. A.



Guaranty Bank and Trust Company
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receives and receipts for deposits



# There is Money in the Schools

THERE is money in the schools, and good-will as well, for banks who know how to get it.

An Auto-Teller School Bank in New York City recently secured an average deposit of $1.47 on the first banking day.

In its first month of operation, another collected from 1100 depositors over $3300. And 99% participation is a common thing.

Similar results are possible in your community if you are sincerely interested in developing savings accounts through a sound, consistent, and profitable program of thrift education among school children—*and, through them, the parents as well!*

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You should know more about this modern school-banking plan. Ask for our booklet on "The Auto-Teller in the Schools" and receive it by return mail. No obligation, of course.

NATIONAL AUTOMATIC TELLER CORP.
215 Fourth Avenue, New York, N. Y.
410 Broadway, Utica, N. Y.

## When the Town Clock Strikes

(Continued from page 18)

Click! Something snapped in the troubled brain, and, suddenly, Sherill and his bag of tricks seemed trivial. Dicky was all right, then! Let the oily stranger come and he'd give him the answer. Ha! Ha! Ha! Funny way the fellow had putting on that lightning disguise. Blue coat one minute, gray coat the next; smooth face a second ago, now he wears whiskers! Ha! Ha! Ha! As the strain loosened the laugh grew less hysterical, and Roger Quinn moved to his favorite place at the side-rear window where he stood looking out upon the people, some of whom were gathering their broods together for the homeward trip, while others discussed the crops, that unending topic wherever farm folk gather.

He was standing there when the man with the black bag returned. Quinn did not wait for him to speak.

"I've decided to reject your offer," he said shortly.

As the man noted the set of the shoulders along with this firm statement, a look of fear grew in his eyes.

"You needn't be afraid," said Quinn. "I've given you my word not to speak of the matter or of you—but get out of my sight! Quick! Get out! I didn't promise not to beat you into the earth! Get out before I do it!"

As the fellow slunk out, the tension relaxed again, and Quinn laughed naturally and easily. He went again to the window and again looked out upon the people, his friends. A mist grew before his eyes, so that it was hard to pick one from the other.

"We'll pull through some way," he murmured. "These folks are sound; they've never let me down yet and they won't now. We'll pull through some way—or if not we'll go down clean."

HEARTENED by some strange force within himself, born of his very strength of soul, Roger Quinn took up the neglected tasks of the day while awaiting the coming of Milton Bell. What that hour would bring forth lay on the lap of the gods—who is this, now, coming in? Ah, two of the scouting directors. They came in noisily to the accompaniment of three heavy strokes of the mighty gong above the city hall.

"We've got a little, Roger," one said. "Managed to get that man Westerberg to sell a bunch of cows and we had the buyer right with us, so here's the check—twenty-one hundred; then Merrihew, over on Possum Creek, has been turning heaven and earth to refinance his loan and just got a deal through in the city, so we'll have eleven hundred

## A Service to You

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The Burroughs Clearing House is devoted wholly to banking.

## Was the Certificate Due?

"Lend the X Corporation $10,000 and we'll deposit that amount in your bank on a certificate of deposit," the Y Corporation suggested.

"Yes, if we can put in the certificate that it's not payable till the loan is paid off," the bank proposed. The Y Corporation agreed, but sued the bank on the certificate before the loan was liquidated.

"We're not bound by any transactions between you and a third party," the Y Corporation argued, but the U. S. Circuit Court of Appeals ruled in favor of the bank.—*M. L. Hayward.*

more from there Monday. That'll make thirty-two hundred off the loans and that much more in the cash. How about Bell, has he been in yet?"

"Expect him most any minute, now. You've done well, boys—a good day's work. Nearly enough to meet Bell's withdrawal. Oh, here he comes now. Who's that with him?"

The director who had spoken peered at Milton Bell and another man who were entering at the front doors.

"Why, that's the man he bought the land of," he said. "S'pose he's come along to take delivery of the cash or to get it in a draft or something."

"Mr. Quinn, meet Mr. Everly," said Bell, then he introduced his companion to the others. "Mr. Everly is the man I bought that land from, you remember. I'm to pay him the last five thousand, and I had him come along with me. Somethin' said he might just leave the money here; I told him he'd find this a good bank to do business with and wanted him to get acquainted. Now, I'll write him a check if you'll let me have a pen."

"I've heard of you, Mr. Quinn," said Everly, a solid looking man of fifty or thereabouts. "All I've heard's been good, too, 'nd 's I'm not any too well satisfied where I'm bankin' now, made up my mind as we was drivin' in, I'd just move it all over here, except, maybe, a little checkin' account. I've still got most of the seventeen thousand Mr. Bell paid me for that farm, 'nd if it's agreeable to you, I'll deposit this five-thousand-dollar check and draw 'bout ten from the other bank, too, so we'll start with fifteen thousand."

"We'd be glad to have the account, Mr. Everly," said Quinn, struggling against an almost overwhelming tendency of his voice to quaver. "I've heard of you, too—and what I've heard has also been good, Mr. Everly. This is a very handsome deposit, but I'd be glad to have you on our books for any amount. We want more good men to do business at this bank—and—and we know that the only way we can get 'em is to deserve to get 'em!"

The banker suddenly busied himself with the details of pass book and signature card. He couldn't trust himself to say anything more.

## Sharing in the Guaranty Fund

*By* M. L. HAYWARD

"THE Butler Bank's in liquidation," the customer said.

"Yes, in bad," the Kansas banking commissioner agreed.

"And I hold their deposit certificate for $857 payable in six or twelve months at 4 per cent."

"And you want to share in the guaranty fund?"

"That's my idea."

"Sorry, but the rule is that only certificates bearing a definite maturity date can be considered," the commissioner informed him.

"Isn't mine definite?"

"No—six or twelve is about as indefinite as it could be," the commissioner objected.

The Kansas Supreme Court, however, ruled in favor of the customer.

"The Court has no hesitancy in saying, however, that there is no uncertainty of a date of maturity when there is nothing lacking to its ascertainment but the simplest kind of a mathematical computation," said the Court.


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# About the Chicago Money Market

(Continued from page 11)

and the checking accounts in the member banks have increased.

Further emphasis of the position of the Federal Reserve bank in the Chicago market is evidenced by the handling of more than one billion of discounted bills in 1924 and more than two billion in 1923; the handling of more than one and a half billion of currency each year; twenty-three billion in checks and eighteen billion wire transfers. The seasonal character of the operations of the bank are perhaps indicated best by the loans. In 1924 the peak of the loans came January 2 at $104,800,000 and the low point for the year October 15 at $27,103,000.

Up to the present the reserve ratio has not been of any service as an indicator of business activities. For the most part since 1920 the banks have had so much cash and the Reserve bank's ratio has been so high that the seasonal or other fluctuations have not had any appreciable influence upon the market. In the same way the Reserve bank's discount rate has followed rather than led the adjustment measures bankers have taken to manage their financing of business. When business is again adjusted to the volume of cash, and reserves are scaled down to the requirements for normal activities, the ratio and discount rate may be very effective instruments in the Chicago markets.

### *The Commercial Paper Market*

No accurate statistics or estimates of commercial paper handled in Chicago are available but the volume handled by bankers, commercial paper houses, bond houses, bill brokers, finance companies and the Federal Reserve Bank is enormous. The supply of, demand for and rates on commercial paper afford one of the best barometers of business conditions.

Unfortunately, Chicago does not know very much about this phase of its market as most of its bankers follow the New York market as a guide. The New York market is not, however, a guide to the Chicago market, despite the fact that New York is the largest money market in the Americas. Some of the differences are the fact that the volume of short term commercial paper in the New York market is larger in proportion to the total commercial paper business; that the demand for call loans in New York is relatively larger in proportion to the total volume of bank loans; that ten to thirty days paper in New York is a relatively larger proportion of the total commercial paper business than in Chicago. The dominating rate in New York is on sixty to ninety days paper while in Chicago the dominating rate in the commercial paper market is on four to six months paper. Chicago handles a small volume of foreign commercial paper while in New York the volume is relatively much larger. New York has a money post for call loans and Chicago does not. The whole commercial market of New York is organized, but the Chicago market is not. The needs for constructive work on the machinery of the Chicago money market are still large and afford a great opportunity for service.

### *The Investment Market*

The Chicago investment market could be organized and expanded with greatly increased advantages to Chicago bankers, business men and the middle-western public. For want of space we will mention only the Stock Exchange. Most of the stocks bought by middle-western investors and speculators are not listed on the Chicago exchange. These shares are bought by Chicago brokers or representatives of New York brokers in Chicago through New York. This is perfectly satisfactory business but if these same shares were listed on the Chicago exchange also, the market for them would be much larger, because people buy what they see and can learn about. New York buyers place their orders in the New York market and not in London because they see the quotations and can learn something about the New York offerings more quickly. In the same way Chicago is the middle-western market and the public in this territory does not have the interest in securities listed on the New York exchange that they would have in securities listed on the Chicago exchange. Further development of the Chicago securities exchange would broaden the market, accommodate the public, and increase the business for banks and trust companies. This is only a mere mention of a field that is large and fertile with opportunity. All the other exchanges in Chicago or out of Chicago play their part in contributing or failing to contribute to the development of a satisfactory money market for the Middle West.

### *Foreign Exchange in Chicago*

The import and export business in the Chicago district is enormous. It includes grain and foodstuffs, packer's provisions, merchandise made up of raw and manufactured goods of all kinds in the district. Only a small portion of this trade is financed from Chicago. The development of the foreign exchange market in Chicago is bound to come with time. It is slow because Chicago bankers do not have

the proper contacts with foreign money markets, and their domestic business has been so large that little attention has been given to foreign exchange relations. In addition, the communication facilities between Chicago and foreign markets are inadequate. As time improves the means of communication with foreign markets, the opportunity for developing the foreign money market of Chicago will perhaps be taken advantage of by the banks.

*Money Rates*

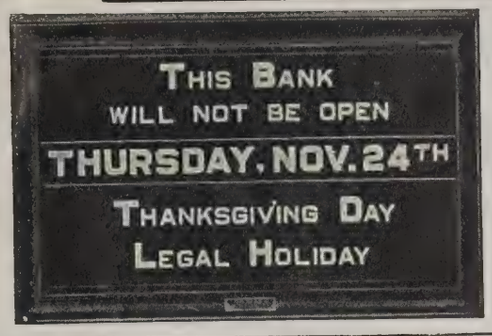
The rates for demand money and discount rates are higher in Chicago than in New York. In 1923 demand money in New York ranged from 4 to 5½; in 1924 from 2 to 4½. In Chicago the rates ranged from 5 to 6 and from 4 to 5 respectively. At the same time money was relatively more plentiful in Chicago than in New York. What Chicago lacked was organized markets, a money post and improved technical marketing accommodations for the middle-western public. Despite the agricultural and industrial characteristics of the Chicago district, there would be no justification for the sluggish money market if the proper organization existed and skillful discrimination were used.

Discount rates in the Chicago market are very sluggish. They move slowly and generally after the market has forced the movement. The rates are therefore no guide to the market at the present time. This condition certainly could be remedied with more information about the Chicago market; a development of underwriting and syndicating from Chicago, listing of securities of interest to people in Chicago as well as to New York; and an adjustment of the market so that the demand for money and the supply of money could feel the competition of each other more readily. The difference between Chicago and New York rates for equal risk and on the same grade and quality of paper should never be more than the cost of transfer.

*The Agricultural Market*

Chicago is the logical financial center for the agricultural empire of the Middle West. It is without question the world's largest market place for agricultural products. Among the markets for agricultural products in Chicago are the Board of Trade for grain and provisions, the stockyards for live stock, the butter and egg exchange, the hay exchange, the cotton exchange and the numerous produce exchanges, including markets for fruits and vegetables—these latter markets are all best known by the name "*South Water Street.*" Space will not permit comment upon these or even upon Chicago as a market place for farmers' commercial paper, or upon the facilities

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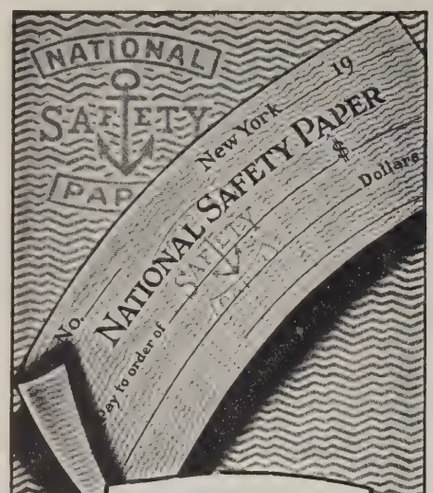
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and scope of the business of the farm mortgage banks. But all these are a part of the effective demand for money and credit and thus play a distinctive role in determining the conditions of the Chicago money market; and the money market is inevitably the key to the activities of the commodity markets.

The demands made upon the Chicago money market by the rapidly growing industries can be shown best by summarizing the successful financial expansion of Chicago industries during the lean years from 1921 to 1923 when industrial expansion in many parts of the country was on the decline.

The output of Chicago industries gained $1,000,000,000 in the period from 1921 to 1923, a gain of 33 per cent. This was revealed by the official census figures for 1923.

The number of industrial establishments was 9,334, as compared with 8,860 two years before; the wages paid were $571,724,743, as against $444,053,737, and the value of products was $3,323,341,460, as compared with $2,485,819,374.

While the difference in these figures is slightly less than $1,000,000,000, the report does not include large plants in the Chicago industrial district, but outside the city limits, which the association estimates will easily make up the difference and show an increase for the metropolitan district of more than $1,000,000,000.

The largest percentage of gain is 464 per cent, shown by card cutting and designing; musical instruments gained 331 per cent; machine tools, 258.7 per cent; cotton goods, 253 per cent, and engraving, chasing, etching, and designing, 198.5 per cent.

Slaughtering and meat packing leads in value of production at $514,666,667, an increase from $452,671,889. The next largest item is men's clothing, with a production of $170,497,452, as compared with $165,429,346.

Next comes foundry and machine shop products, with a total production of $161,446,868, as compared with $91,981,082. The value of printing and publishing, book and job, was $129,998,603, an increase from $126,517,808.

Electrical machinery $127,308,433, an increase from $74,114,877.

Iron and steel (steel works and rolling mills) $117,160,800, as compared with $50,514,377, a gain of 131.8 per cent.

*Needs of the Market*

In a brief article it is impossible to enumerate even the many aspects of the Chicago money market. My aim has been to point out some of the more important phases.

Among the needs of the market which occur to me offhand are:

1. Further development of the Stock Exchange.
2. A bond listing and trading division of the exchange to meet the needs of middle-western investors and traders.
3. A development of trustee and transfer services by Chicago trust companies for middle-western and western industrial, railroad and public utility securities.
4. A money post.
5. Accommodations for middle-western customers at a rate as low as they can get in New York.
6. Organization and development of the open market for commercial paper.
7. Better economic, financial, and business information and statistics in the Chicago market.
8. Foreign branches of Chicago banks in both the eastern and western hemispheres and South American countries.
9. Development of foreign trade financing and the foreign exchange market.
10. Improved communication services between Chicago and foreign money markets.
11. Closer co-operation with the Federal Reserve Bank and the development and adjustment of its services to meet conditions.
12. More co-operation between bankers and business men in the endeavor to develop Chicago's money market.

# Ways of the Credit Department

(Continued from page 14)

of the account, and should briefly emphasize favorable and unfavorable facts. It should also prominently indicate commitments that the bank may have decided upon and repayment understandings with the customer. Particularly favorable features may be underlined in blue and unfavorable in red. This summary form should be so designed that the loaning officer does not have to "paw" through the folder, but can be confident the important factors are all before him. The value of this style of summarizing is particularly evident in the absence of the customer's regular loaning officer when another man waits on the customer.

A day before the maturing loan comes before the discount committee, the credit folder with a notation of the amount of the loan, should be left on the loaning officer's desk. If material in the folder is not current, it should be brought up to date or the fact that it has not been brought up to date

should be pointed out to the officer.

In making trade checkings, a credit exchange bureau's report may be obtained, or names may be secured from the borrower from cancelled checks and from direct inquiries. Usually both methods are used and a list accumulated. Requests for trade information are sent out to all names in the file even though they have not been shown as creditors on the latest statement. Where answers are numerous, they need not be filed in the credit folder proper, but merely summarized and the actual letters kept in a separate folder or in the general files.

Inspection of checks issued and of larger checks deposited may be made to tell a considerable story.

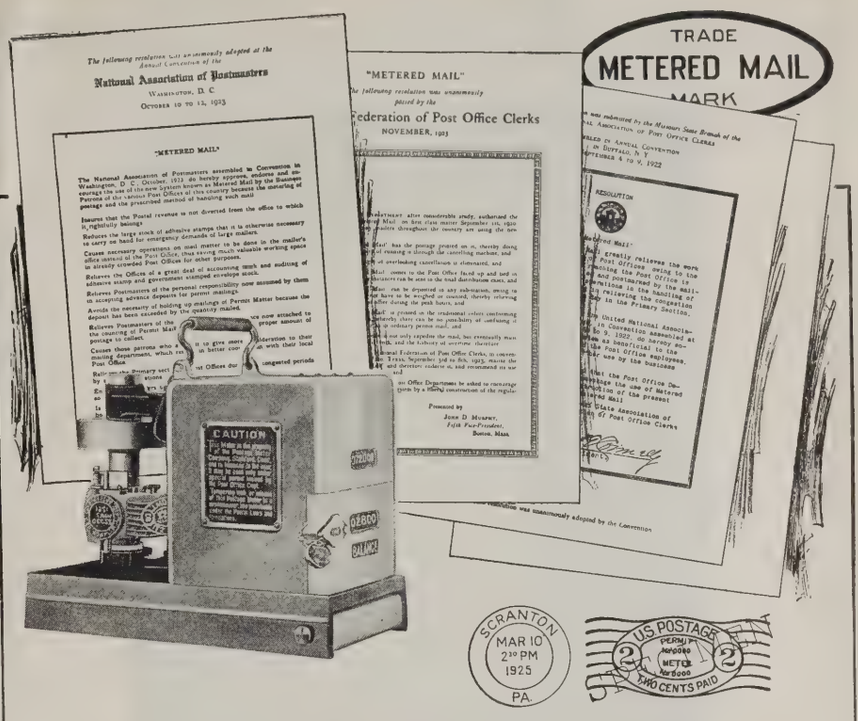
On an important name, particularly one that is selling paper on the open market, it is well to work out a model answer to inquiries and keep it in the credit folder. It is then only necessary to note thereon the date and the name to whom sent. The model answer requires careful attention to make sure that conditions have not changed. A special letter should be written without hesitancy, when the source of the inquiry is such that it needs and is entitled to more information.

On half or more of the names in the credit department there will be only one or two sheets, not enough to warrant a folder. A miscellaneous folder should be kept with every guide card.

SOONER or later also it will be necessary to have a dead file. There should be, however, a control from which cards are never transferred, showing every name on which there is any information in active or dead files. This file should also contain cross index cards, such as on officers of corporations, partners, subsidiary companies and the like. A card should never be taken from this file. The date of the last statement and of the last agency report may be posted to these cards. A card size as small as possible may be selected. By using special ledger index stock which is considerably thinner than so-called "card stock," and by splitting a three by five size in half, making it three inches high and two and three-eighths inches wide, it will be found that a great deal of capacity can be condensed into a very small space. Another system is to keep a reference sheet in the live file.

In addition to covering their own customers, large city banks find it advantageous to include in the file such information as comes their way on other businesses located in their territory. Thus, newspaper articles, records of mortgages, records of suits and judgments, and the like may be filed.

The handling of inquiries is at the least a source of considerable expense.




# *Endorsed by Postal Employees*

The act of Congress extending the Permit system to First Class Mail, which made "Metered Mail" possible, was to provide needed Post Office relief. "Metered Mail" is endorsed by Postal employees' organizations. Because it aids the Postal service and cuts Postal expense—thereby speeding your mail and reducing your taxes—it warrants your consideration.

The privilege of using "Metered Mail" is granted by Post Office Department license to any reputable, well-established mailer. Hundreds of nationally known business institutions in a wide variety of commercial lines are enjoying its advantages.

Many distinct and unusual benefits result from the use of "Metered Mail"—actual savings in time and labor in addition to speedier deliveries after mail leaves your office.

Just a line to us on your letterhead will bring to your desk fac-similes of letters from concerns in your and kindred lines in which they describe how they have applied this new Postal system, known as "Metered Mail", to the handling of their mail.

## The Postage Meter Company

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THE BOOK-CADILLAC HOTEL — DETROIT



# Unlimited Luxury at Limited Cost

**1200 Rooms With Bath — 475 Rooms at $4 and $5**

Guests of the BOOK-CADILLAC pay no premium for the superlative comforts and service they enjoy at Detroit's finest hotel.

Exceptional facilities both in number of guest rooms and in the wide variety of restaurants allow an unusual combination of quality and low price.

**Sample Rooms $5 and $8 Per Day**

*Special $1.25 Luncheon and $2.00 Dinner served in English Grill and Blue Room. Club Breakfast, 85c and $1. Eighteen shops and broker's office in building; Barber Shop and Beauty Parlor operated by Terminal Barber Shops; Private Conference Rooms.*

**Book-Cadillac**

HOTEL COMPANY, DETROIT

ROY CARRUTHERS, *President*

WASHINGTON BOULEVARD AT MICHIGAN AVENUE

The practice, if the inquiring party is another bank or a customer, is to write a letter giving as definite and as complete information as is available. In many cases a special investigation will be made, of course, without charge. As in such letters there is often a free expression of opinion, most banks have printed on the top of credit department letterheads, a clause stating that the information is given in response to a request and is an opinion only, and is furnished without liability to the bank or to the writer.

In replying to wholesale houses that have used a printed inquiry form without giving their own experience, it is probable that if a letter is written in reply it will be considerably shorter and more general in its terms than that written to another bank. Bank men consider this necessary as they do not feel justified in broadcasting confidential figures given them by their own customers. Where the inquiry indicates that it is of a purely routine nature and the amount of credit to be extended is small, it may be possible, though not all bank men approve of the practice, to use a series of four or five rubber stamps, saving both time and expense for the bank and giving sufficient information for the purpose of the inquirer. Many of the inquiries from retail establishments and hotels come in this class.

IT IS probable that twenty or thirty model letters or paragraphs will cover 80 per cent of the outgoing correspondence. The credit man merely needs to indicate the number of this stock letter and it can be typed without dictation, ready for his signature. These model letters when originally drafted are carefully polished and ordinarily are better than a reply dictated on the moment. Follow-up requests, answers on non-borrowing small accounts, requests for trade data, all may come in this class. Carbon copies are eliminated by noting the number of the letter used.

Commercial paper is sold by the brokers to the bankers on a ten- to twenty-day option. This enables the bank to make credit checkings and, if not satisfied, to return the name. Checking consists of a thorough analysis of the statement. Then requests for an opinion are sent to the depository banks, to another bank or two in the same city where the borrowing concern is located, and to the credit departments of correspondents in central reserve cities. Credit departments of the larger city banks have already in their files, checkings on many commercial paper names. In addition there are special agencies that specialize in this field.

No article on the credit department would be complete without mention of the various ratios worked out by

Alexander Wall. These ratios are being used in a gradually widening circle of banks. As flags that indicate trends of the business, they have been found valuable.

The Robert Morris Associates, the organization of bank credit men, has prepared a considerable list of "100 per cent" statements. These statements cover different lines of trade and show the average percentage for each of the balance sheet items in that particular line of business. The information is gathered from a reasonably wide number of statements, bank credit departments co-operating in this work. These, together with studies of cost such as have been made by the Harvard Bureau of Business Research, monthly indices of business issued by the Department of Commerce and showing trends in particular lines, and others, are useful in comparison to a particular borrower's statement as they bring attention to items that are out of line.

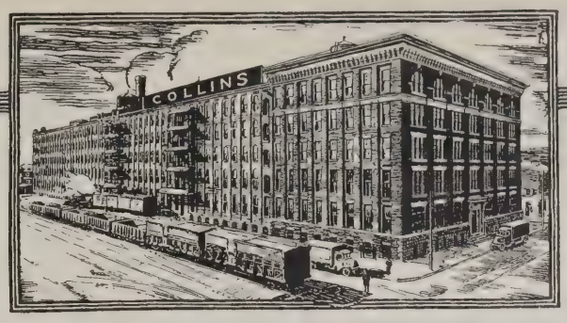
Wherever it can be done, the bank should set a tentative credit line for regular borrowers. The customer may be told frankly the amount of his line. He is thus enabled to plan his finances with assurance. In some cases it is not thought advisable to tell the borrower his limit at the bank. Whether told to the customer or not, a limit enables quick decisions to be made on any requests for credit up to that point. Any credit line, barring the cases in which there is a special agreement, is subject to revision at any time.

On the lines that merit particular attention, monthly figures should be secured. A copy of the trial balance can be furnished by the customer with but little trouble and serves the purpose of this monthly check-up. The bank can see how sales are going and how accounts receivable, accounts payable, and other liabilities are varying since the date of the annual figures.

Credit folders are ordinarily revised about once a year. Most banks do this on their regular customers as a matter of routine, mailing out blanks each year requesting statements and using a follow-up system to see that they are received. Other banks ask for statements only as loan requests are received. On firms that have a fiscal year, a tickler may be kept so that statement forms will be mailed at the proper season.

When monthly figures are not obtained, many credit men like to secure two statements a year, one taken at the low point, usually at the close of the fiscal period, and one taken at the peak or when the business is most expanded.

The way to know what an efficient credit department is worth is to do without one—and add up the charges against the undivided profits account.




*Said a Collins Client to a Brother Banker—*

"There may be others 'just as good' as Collins but we do not know where to find them. They will give you more than you will expect from the salesman's talk. Our deposits have increased 25% in the last year and the result appears to have only begun. The increase in good-will is very noticeable.

"If you will be fair and frank with Collins you will soon be convinced that they know their business and yours, too."

*(Name on request)*

THE writer of this letter recognizes the skepticism so common among bankers regarding the claims of advertising salesmen. Even when investing in Collins Service this client had some doubts about the wisdom of his move. But not now!

If you are undecided what to do about your advertising this client's simple, sincere answer to a question of a brother banker may help to clear the atmosphere.

Then, too, the fact that Collins is the largest organization in the country devoted to bank deposit-building will have some weight. For leadership in any line comes only with high-class service.

You will not find us making any extravagant claims—we prefer that you should be agreeably surprised at how much better Collins Service is than you expected.

*Send for folder "What Does Experience Mean to You?" Free upon request.*

THE COLLINS SERVICE

232 Columbia Avenue

PHILADELPHIA

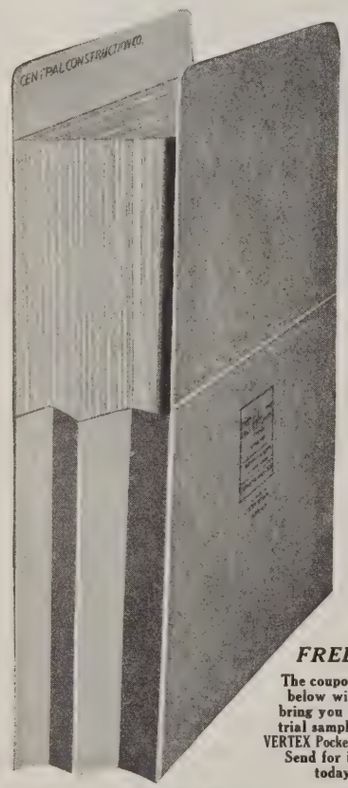
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**Vertex** Pockets can be used in any vertical filing system. No changes are necessary. They are made of "Paperoid," a tough, durable Hemp-Rope stock that will outlast twenty or more ordinary manila folders.




***FREE***

**The coupon below will bring you a trial sample VERTEX Pocket. Send for it today.**

CUT HERE

Please send for examination and trial a free sample of BUSHNELL'S "VERTEX" Paperoid File Pocket, as described in September Burroughs Clearing House.

Name of Firm _____

Address _____

Name of Person Inquiring _____

Letter size or Legal size desired? _____

If special size is required, send sample of sheet to be filed, and give width and height of drawer

**To Alvah Bushnell Co., Dept. C.**
**933 Filbert Street Philadelphia, Pa.**


# Where Are the Profits Going?

*By* FRANK LOOMIS BEACH

WHERE are the profits going? This has been a problem with many banks during the past two years of low interest rate and heavy charge-off. In an attempt to obtain some information that would be helpful in solving the problem, a questionnaire was sent to all of the member banks in Group One of the Oregon State Bankers Association. Portland was excluded, leaving mostly banks in small towns, with deposits ranging from half a million to two or three million dollars.

The answers were based on 1924 figures. Where the percentage of time deposits was under 30 per cent or over 60 per cent, the answers were not used in compiling the statistics. The average time deposits compared to the total deposits in the group considered was 45.37 per cent.

Where the percentage of time deposits is larger, the tendency is for the labor and stationery items to be smaller in proportion to the gross income, while the item of interest on deposits increases.

Stated in per cent of gross income, the average expenditure for the banks considered was as follows:

| | Per cent |
|---|---|
| Salary and Wages | 27.7 |
| Rent | 4.7 |
| Advertising | 2.1 |
| Stationery and Printing | 2.2 |
| Supplies | .6 |
| Taxes | 5.7 |
| Insurance Expense | 1.3 |
| Interest on deposits | 27.1 |
| Other interest paid | 2.4 |
| Other expenses | 6.0 |
| Losses | 14.2 |
| Net profit | 6.0 |
| | 100. |

Taxes almost equal the amount earned for stockholders. Losses charged off were over two times as great as the net earnings.

The question of a minimum balance service charge for country banks is one that is now receiving a great deal of attention on the part of the Oregon bankers and on the part of banks generally throughout the country. From the questionnaires returned, expenses were apportioned between the commercial and savings departments and the expenses of the commercial department distributed on a per-account and a per-check basis.

Three figures were obtained for cost analysis purposes. First, the total expense of the commercial department. Second, the total number of active checking accounts. Third, the total number of checks made against the accounts during the year.

In this type of cost study there is always room for difference of opinion as to how the total expense should be distributed between the number of accounts and the checks paid. The decision has to be somewhat arbitrary. In this case it was decided that a flat charge of 15 cents should be made against each account for the purpose of distributing the expense. This 15 cents a month or $1.80 a year was multiplied by the number of accounts and the total expense thus distributed was deducted from the cost of the commercial department. The balance was then divided by the number of checks paid against accounts, giving a cost per check of 5.4 cents.

When these figures are applied in an account that has 20 checks a month, the cost is found to be $1.23. The 20 checks at 5.4 cents each amount to $1.08 to which must be added the 15-cent flat charge.

To be of the fullest value, studies of banking cost should cover a period of years and it is important that the accounting system and methods of classifying expenses be uniform among all of the banks considered. It was felt, however, that the questionnaire method at least established a starting point from which a bank could study its own expenses.

# Growing Things Need Cultivation

*By* T. D. MACGREGOR

HOW do we help anything to grow?

Isn't it by planting it well and by watching over it with care, giving it good soil and sufficient moisture, light and air?

It's no different with a bank.

For a bank to enjoy a healthy growth it must be a sturdy youngster to start with. They say that one of the first steps toward being a strong individual is to choose your parents well. So a bank when it starts out should have a backing of men and money sufficiently strong to enable it to pass successfully through the trying times of infancy.

It must be planted where there is room for it to grow. It should not be crowded in where the field is already thoroughly occupied or where the population is too sparse to support it. The moisture is the sweat of the brow of the hard-working officers. The light

is the light of publicity, and the air is the atmosphere of genuine courtesy and helpfulness that should radiate about the place. Only live things grow; so at the very beginning we must assume that your bank is a live one or it can not be helped to grow.

Mere advertising in the ordinary sense of the term is not in itself all sufficient to make a bank grow. Back of the advertising there must be the ability and the willingness to serve customers, a realization that the interests of a bank and those of its depositors are truly mutual—what helps the one is sure to benefit the other, and what is detrimental to one can not but injure the other.

The Good Book admonishes us, "Let him that is greatest among you be your servant." The kind of altruism or "otherism" that appears to animate the modern banking institution is a selfish unselfishness, if such an expression can be used. I don't mean to say that a bank never offers service without hope of reward or that it never takes part in any great movement from purely unselfish and patriotic motives. On the contrary, you undoubtedly know of many instances quite the opposite.

A number of banks are giving radio crop market service to farmers in their territories. A typical case is that of a bank in Montgomery County, Illinois, which has a radio receiving set combined with a bulletin board. The manager of the township farm bureau, who is in charge of the live stock shipments for the farmers of his community, gets the radio market reports from the bank a little after nine o'clock every morning. He and the bank officers analyze the report and direct the cattle shipments accordingly.

By getting the market expectation of receipts for the following day it is possible for this bank and the farm bureau man to prevent their farmers from shipping cattle to an already flooded market. By holding shipments until a later time the farmers are able to get a better price for their live stock. The bulletin board is in the lobby of the bank where farmers can study it at their leisure. This is a good way to make a bank the business center, to create good will and to make friends—all of which are business producers.

In being a public servant the bank is best serving its own interests. To give a concrete illustration, consider the late James J. Hill, the Great Northern Railway and the First National Bank of St. Paul. In the grounds of Mr. Hill's fine residence in St. Paul, where most millionaires would have had Italian gardens and spouting ornamental fountains, there was built a large and far from ornate greenhouse. This conservatory the great "Empire Builder" used for experiments with different kinds of grains for the purpose of choosing the best for the use of the farmers in the territory of the Great Northern Railway. Mr. Hill also did a great deal along the line of developing the best kind of cattle for both beef and dairy purposes. At his country place he had a herd of imported cattle which was his joy and pride. The results of his experiments in these directions Mr. Hill made public for the benefit of the farmers in his territory, and it goes without saying that they took advantage of it.

Through the First National Bank of St. Paul, Mr. Hill inaugurated a plan of prize corn-growing contests, with an autumn corn show in the lobby of the bank, the exhibits consisting of the best specimens of corn grown in the various counties of the states traversed by the Great Northern Railway. The bank also employs an agricultural expert to devote his entire time to farm business of this nature, and by voice and pen Mr. Hill constantly urged the bankers and farmers of the Northwest to co-operate in the effort to improve agricultural methods and thus increase the productivity of the farms, and eventually the freight and passenger income of his railroads.

Such constructive efforts serve to call attention to the new spirit of banking, summed up in the one word—*Service*.

Country banks and bankers, north, south, east and west, are carrying out this idea of helpfulness in many ways, encouraging real thrift and better farming by organizing corn, tobacco or potato-growing contests, distributing helpful literature, etc., according to the nature of the products of their region.

The "Banker-Farmer" platform, as promulgated by the Agricultural Commission of the American Bankers Association, is as follows:

Citizenship,
Co-operation,
Better Schools,
Better Roads,
Farm Demonstration,
Soil Fertility,
Better Tenancy Methods,
Community Building,
Farm, Home and Church,
Rural Credits,
Marketing and Distribution.

Bankers are more and more realizing that constructive service for the benefit of the public in their communities is one of the best kinds of advertising. Banks in North Carolina are assisting the co-operative extension work in agriculture and home economics conducted by that state.

By means of the "pig club" plan, the boys and girls in the rural sections are encouraged to raise pigs. The

**BARNARD'S Bank Registers**

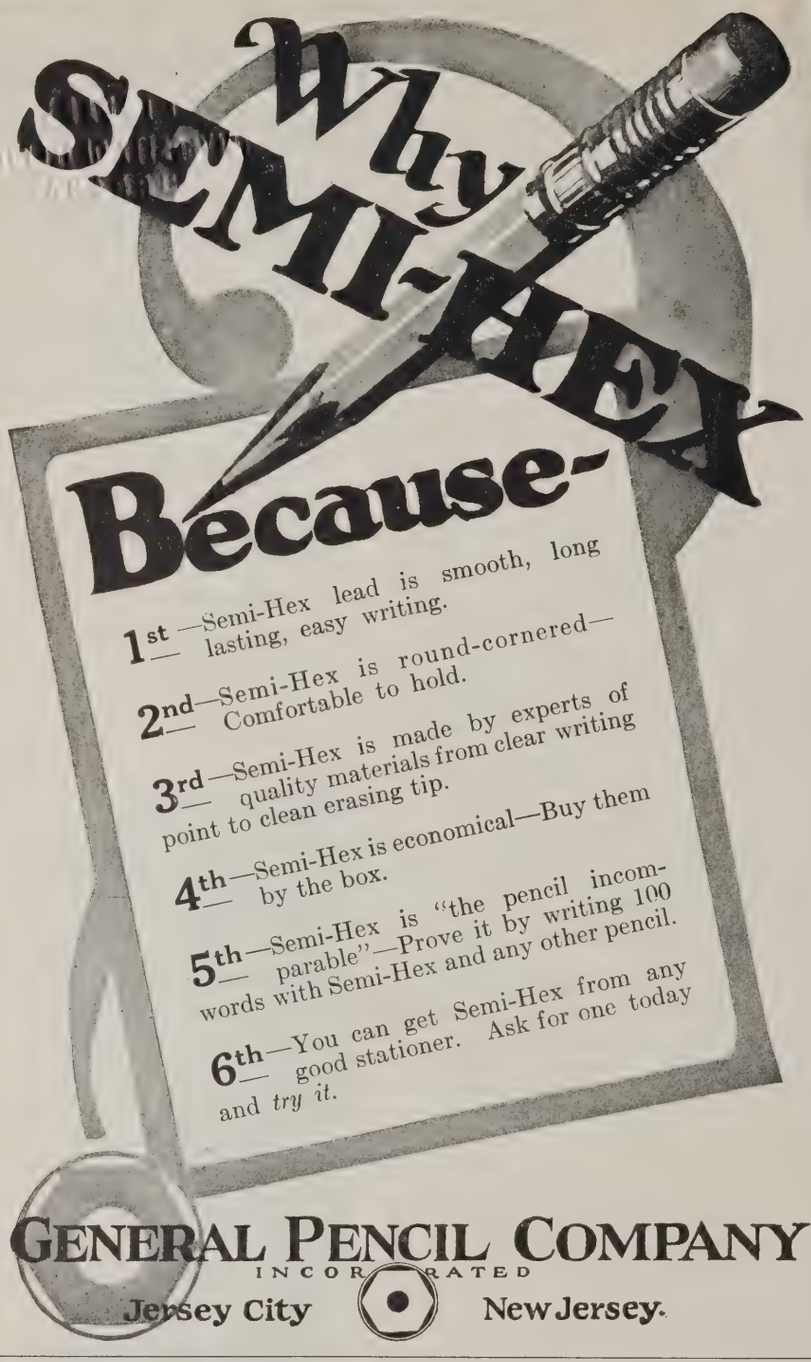
*The Most Complete Line in the United States*

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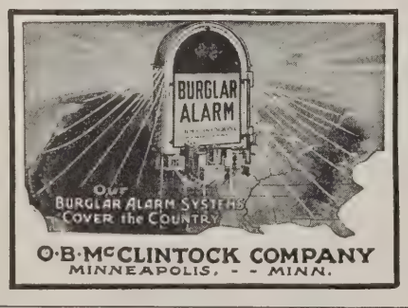
and many others—
"a book for every need."

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A *Whisper-it* Mouthpiece makes your telephone conversation private and for the *one person only* to whom you are talking. Price $1.00. *Live agents wanted.*

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*Specialists in*
*Newspaper Advertising for Banks*


agent in charge made this statement concerning the work:

"We have enrolled in the pig clubs of the state a large number of boys and girls, most of whom have pure-bred pigs which they are feeding according to the most scientific methods of swine growing. We are impressing upon these boys and girls especially the importance of giving the pigs a diversified diet by growing for them green crops. We are also teaching them the importance of clean quarters and sanitary precautions.

"It is very inspiring to see the interest these boys and girls are taking in their pigs. One of the agents gives these quotations in his report: 'One mother said, "My boy feeds his pig four times a day and has to see that it is asleep every night." Another mother said, 'I am so glad my boy is taking an interest in the club work; I want him to be a farmer, not a cotton grower.'"

"We have two plans by which these pigs are furnished, the boy entering into a contract with the bank to this effect: First the boy is furnished a pig upon signing a contract to return to the institution two pigs not under eight weeks old, from the first litter, these pigs to be given to two other members on the same condition. The other plan is, that the boy give his note to the institution to be paid in the fall with 6 per cent interest. In both cases the bankers have agreed that if the pigs die because of some condition over which the boy has no control they will cancel the notes or contracts."

A banker especially enthusiastic over the pig club work, says that the bank gets the benefit from the word-of-mouth advertising of the club members, the news comments in the papers, and from the fact that the habits of thrift developed by raising and selling the pigs, together with the close contact with the bank, make the children good prospects for the savings department in the present and good general bank customers for the future.

A small-town banker in the State of Washington became convinced that the farmers of his district could profitably raise more cattle and sheep because there was plenty of suitable grass and range for grazing purposes.

So in his advertising space in the semi-weekly newspaper of his community he decided to conduct a campaign of education on the subject. He sent to the Superintendent of Documents at Washington, D. C., and secured many of the bulletins on cattle and sheep raising issued by the Department of Agriculture. From this material he was able to prepare a good series of advertisements addressed to the farmers of the community. In each of the advertisements the bank

offered to lend money to any responsible farmer for the purpose of adding to his live stock.

An Idaho bank cashier obtained the names of 500 farmers receiving pay checks from a local beet sugar factory. Shortly before the check day he sent out to each of these farmers a facsimile typewritten letter telling them of the safety and service of his bank, suggesting that they start a checking or savings account with their sugar check, but offering to cash it for them free in any event. As a result of this one letter he opened over thirty new accounts at his bank.

A banker in a small town in northern Wisconsin keeps his mailing list up to date in this way: He puts each name on a separate card and keeps the file in the top right-hand drawer of his office desk—and there is quite a complete record of each individual on the card. Besides his name and rural mail route there are facts concerning the size of his farm and his family, even his religion, politics and hobbies. By visits, conversations, reading local news items and in other ways, the information is kept up to date, and new cards are added from time to time. This file is not only used as a mailing list for advertising matter, but it also serves to build up this banker's reputation for friendly interest in his depositors. When a farmer drops in for a business chat the banker slyly fingers through his file till he picks out the right card and then with it lying before him on his desk, out of the visitor's range of vision, the banker astonishes the caller by asking him if son John is going back to the State Agricultural College this fall, if Susie got entirely over the measles and how is the Ford tractor working? This is about the last word in system when you can reduce friendliness and neighborliness to an alphabetical card file.

A rural bank cashier in the East owns a Ford automobile and an Eastman kodak, both of which he uses in pushing the business of his bank. Saturday afternoons he rides around the country and gets acquainted with his parishioners, so to speak. He takes snapshots of their homes, barns and blooded stock, to say nothing of their children, and he takes care that they receive prints of the pictures free. He talks over the crop prospects and makes himself as agreeable as a politician looking for votes. This has its inevitable effect in creating good will.

## Her Point of View

BANKER: "Look here! You are wasting too much time on your personal appearance."

Steno: "It's not wasted. I've only been here six months, and I've already had proposals from the head bookkeeper and cashier."—*London Opinion.*

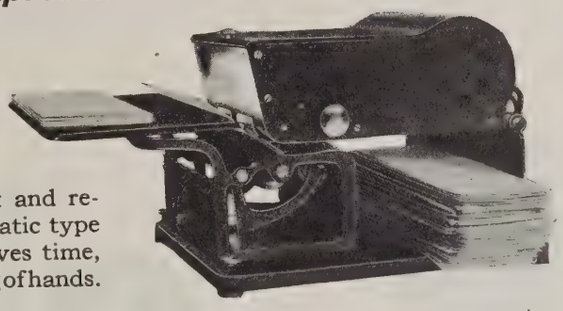
I.P.S.CO. SEALOMETER TRADE-MARK

*"Sealometer" is the latest improved metered mailing machine. Seals, postmarks, feeds and stacks automatically 250-275 per minute. INTERNATIONAL POSTAGE METER approved by the United States Post Office Department.*

**Single Feed Check Endorser**

*(Electric Drive)*

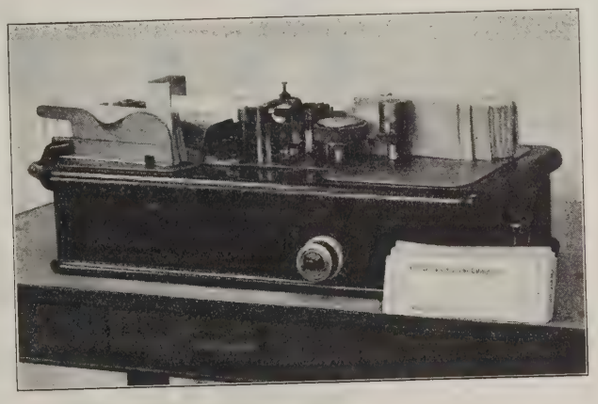
***Improved Junior Model***



The "Junior" may be operated in conjunction with adding machine for listing and endorsing at the same time. Novel arrangement to lock and release die and automatic type changing control, saves time, loss of type and soiling of hands.

**Automatic Quantity Feed Check Endorser**

*MODEL "K"*



**Capacity—250 Checks per minute**

Hand Engraved, Hardened Steel Die, Changeable Dates and Batch Numbers

**THE INTERNATIONAL POSTAL SUPPLY COMPANY**

OF NEW YORK

*Established 1885*

**634 Prospect Place, Brooklyn, N. Y.**

Prints Each Minute



AUG 28 1917 3 43 PM

(Facsimile imprint reduced in size)

**KASTENS TIME STAMP**

Avoid disputes and errors. This is a time stamp built for long service and economy, smooth, quick and accurate in action.

Catalog? Yes, an interesting one, too! Send for it now.

HENRY KASTENS, 422-424 W. 27th St., New York City, N.Y.

**350 New Accounts!**

And increased deposits from regular customers, were secured easily for an Ohio bank, by using imprinted Eversharps as an added inducement.

They last for years—the finest kind of advertising—permanent and personal, with no waste circulation.

***Inquire of your Stationer, Advertising Specialty Agent, or direct for prices and samples.***

*Industrial Sales Department*

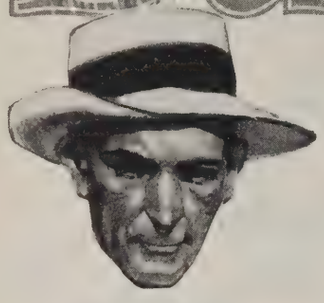
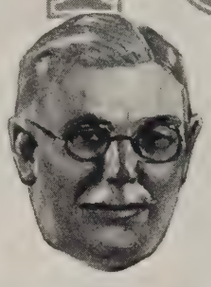
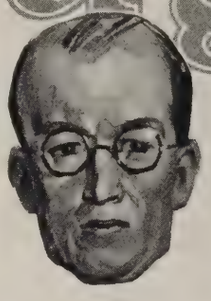
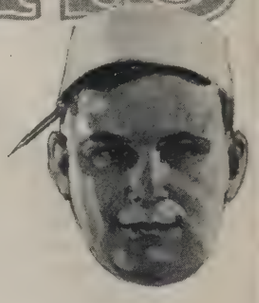
THE WAHL COMPANY

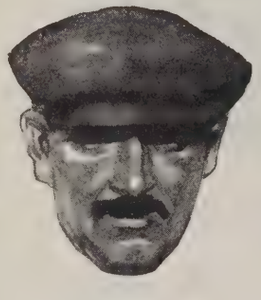
1800 Roscoe Street CHICAGO

EVERSHARP WAHL PEN

*In writing to advertisers please mention The Burroughs Clearing House*

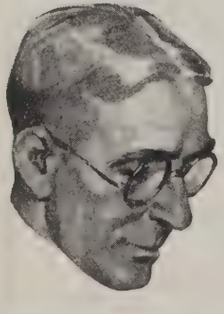
# Burroughs



## *Who is your best credit risk?*

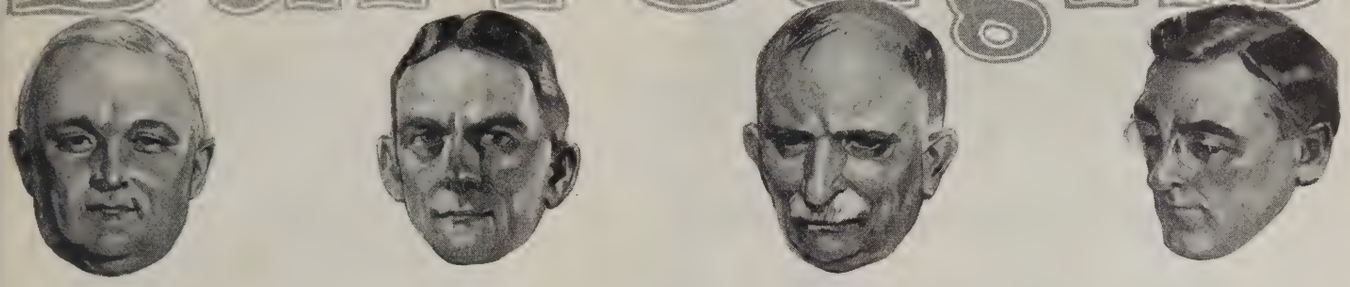


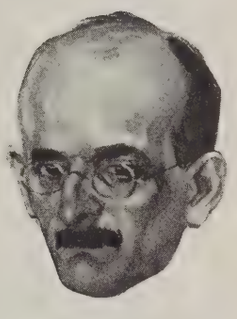


ADDING · BOOKKEEPING · CALCULATING AND BILLING MACHINES

*In writing to advertisers please mention The Burroughs Clearing House*

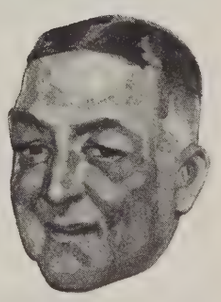
# Burroughs





YOUR best credit risk—your most desirable customer—is the man who can ***prove*** his right to a loan by handing you an accurate, up-to-date financial statement. What would it be worth to you if all your customers could do it? How much guessing could you avoid? How much time could you save? How many losses could you prevent?

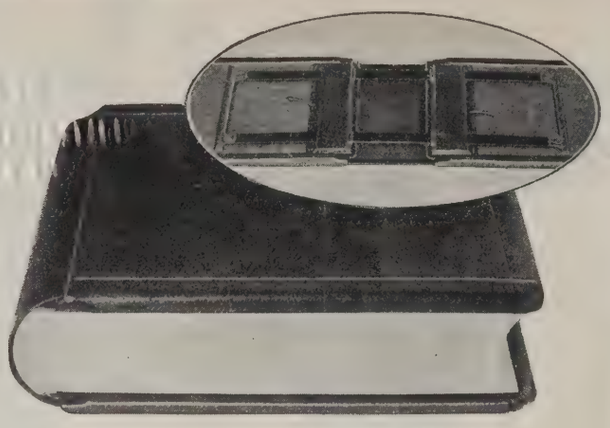
The thousands of men who use the Burroughs Simplified Accounting Plan—an easy method based on the principles of bank bookkeeping—are always ready to show their bankers clear, verifiable statements of their financial condition. If you are interested in hearing more about this plan, we shall be glad to give you complete information.



**BURROUGHS ADDING MACHINE COMPANY**
DETROIT, MICHIGAN



ADDING · BOOKKEEPING · CALCULATING AND BILLING MACHINES



# Simple Binding Mechanism

Release two handy levers, one on each cover of this new Proudfit binder, and any sheet in the book can be taken out without disturbing the rest of the leaf body.

Sheets slide easily over the bands that hold them in place and it is equally as simple to insert a new leaf. The operation requires only a few seconds.

This is only one of the many time-saving features of proudfit binders which enable the bookkeeper to concentrate on the work at hand.

*Loose leaf devices of all kinds. Agencies in all principal cities.*

**PROUDFIT LOOSE LEAF CO.**

**17 Logan Street - - Grand Rapids, Mich.**

## You will Need a Roof Over Your Head As Long as You Live

—and so will your depositors.

Why not teach them to save for a home in a—

**"REAL HOME BANK"**




*Dimensions: 3½" long, 2⅛" deep, 2¾" high*



*Showing bottom with coin trap and lock*

Made now in assorted colors. Complete window service free. Attractive and appealing because of its design. Durable—because of its construction. You have found the bank for you.

*Send for a Sample*

**BANKERS THRIFT CORPORATION**

**2240 No. Racine Avenue, Chicago**

## Is Banking a Dignified Profession?

(Continued from page 9)

"I'll pay your taxes and not charge you a cent," he says, and lands a good customer. A few days later, he learns that his neighbor banker has clerked a large sale for one of his depositors, free of charge, and obtained the deposit of the proceeds.

More often than not, the "shuttlecock" account is a doubtful acquisition for any bank. Some depositors trade around from year to year, obtaining a concession now from this bank and now from another, as an inducement for transferring their accounts. Such depositors will probably come to you in your turn, in any case; if they miss you, consider yourself lucky, for their accounts are usually liabilities.

The county bankers' association of Jasper County, in central Iowa, has recognized the importance of this problem, and at a meeting held early this year, a committee was appointed to draw up a schedule of charges for the various services which country bankers in that section are ordinarily called upon to perform. These services will vary widely in different sections, but small units, such as clearing houses and county associations, can meet the situation fairly, each for its own particular locality. The St. Croix County Bankers Association, of Wisconsin, has already taken similar action.

IT IS an open question whether banks are not too numerous in the Middle West to return uniformly fair dividends to stockholders, even if the various institutions were operated on a strictly-for-profit basis, with all the evils of excessive competition eliminated. As it is, the list of banks in this section which have passed dividends from time to time in the past few years is indeed an imposing one. An investor who assumes the liabilities and responsibilities of a bank stockholder is entitled to a good stiff return on his money, even if it means that the good depositor has to pay ten cents for a Chicago draft occasionally.

Some of us remember with a mingled feeling of horror and longing the free lunch counter which was an established fixture in the well-conducted saloon a few years back. We will also recall that when national prohibition was instituted, the big question with those who spend their time worrying about the other man's worries was, "What is to become of the bartenders?" As I contemplate the ever-growing list of free services extended by banks in the stress of competition, I often wonder if the problem was not solved by the induction of all the ex-bartenders into the banking profession.



PRODUCED IN THE BURROUGHS PRINT SHOP AT DETROIT, MICH., U. S. A. 4070-9-25-ADV

# When These Banks Say This:



## "Most Profitable Returns"

"Splendid records in speed have been made by our Addressograph machine in handling important emergency mailings—assuring most profitable returns."

*—Union Trust Co., Cleveland, Ohio.*



## "2500 New Accounts a Month"

"Our direct mail development of new and old accounts, made possible by the Addressograph, includes every department. The outcome of our effort was 1200 new accounts first week, 1000 second week and 2500 at the end of first month."

*—Hibernia Bank and Trust Co. New Orleans, La.*



## "Brings $51,605 New Deposits"

"We secured 504 new accounts, averaging $100 each, as a result of Addressograph-ed advertising. One out of 8 on our list of 4000 responded to our appeal."

*—Charleston National Bank, Charleston, W. Va.*



as Low as $37.50 f.o.b. Chgo.



## Saves Nearly $3000 a Year

As to economy, officials of Mercantile Trust Co., St. Louis, Mo., estimate that to address their list by typewriter, would take twenty girls 5½ days at a labor cost of $330. With the Addressograph, it requires *only one* girl and 11 days time at a labor cost of $33—an annual saving of nearly $3000.00.

## 8 Distinct Uses

| | |
|---|---|
| 1-Selling | 5-Disbursing |
| 2-Recording | 6-Routing |
| 3-Shipping | 7-Addressing |
| 4-Collecting | 8-Identifying |

## Mailing This Coupon Helps You *Save* and Sell More

Addressograph
TRADE MARK
PRINTS FROM TYPE

908 W. Van Buren St. CHICAGO

# Surely You Will Try It FREE

MAIL WITH YOUR LETTERHEAD

To Addressograph Co.
908 W. Van Buren St., Chicago

☐ Send FREE catalog.

☐ Send FREE Book "Does Your Advertising Pay?"

☐ Send PREPAID FREE trial $37.50 Hand Machine. Will return COLLECT unless we buy

178-9-25

# Labor

PEOPLE EMPLOYED
BY GENERAL MOTORS

1909

14,250

1924

73,642



1909



1924

GENERAL MOTORS

BUICK · CADILLAC · CHEVROLET · OAKLAND · OLDSMOBILE · GMC TRUCKS

# Every check this depositor writes *will speed your banking routine*






The new Personal Protectograph **$15**
*(Plus Carriage)*
Slightly higher in Canada

BECAUSE he is a user of the Personal Protectograph, the amount line on his checks is clear and bold, shredded into the very fibre of the paper. Figures that can't be questioned take the place of scrawled and illegible handwriting. His checks do not have to be subjected to time-consuming scrutiny by paying tellers, entering clerks and Transit Department.

Mistakes are minimized, for the check written on the Personal Protectograph leaves no doubt as to the amount intended. Embarrassing disputes with depositors over raised amounts are done away with.

The Personal Protectograph brings to private checking accounts the same sure type of protection afforded to the bank accounts of big businesses by the larger Todd Protectographs. Yet it costs only $15, a price within the reach of all depositors to pay.

Enthusiastic reception has been accorded everywhere to this new banking aid. It is advertised in *The Saturday Evening Post* and *The Literary Digest* every month. Constantly more and more people use it.

### *An opportunity for banks*

Many bankers have already told us of their appreciation of this little machine and have welcomed it as insurance of better relations between them and their depositors. Many banks also have asked how they could co-operate in popularizing the Personal Protectograph, recognizing its great benefits to them.

### *Send for the bankers' plan*

Meeting these requests has resulted in the development of a complete plan whereby banks may aid in the distribution of the Personal Protectograph. Several hundred banks have already found this plan practical and advantageous. The details are yours for the asking. The Todd Company, Protectograph Division. (Est. 1899.) Rochester, N. Y. *Sole Manufacturers of the Protectograph, Super-Safety Checks and Todd Greenbac Checks.*

THE TODD COMPANY, *Protectograph Division*
1186 University Ave., Rochester, N. Y.

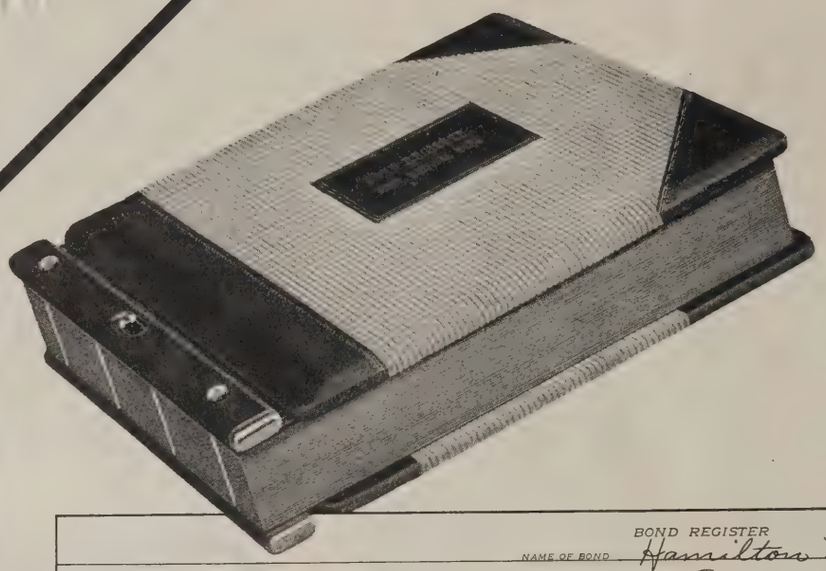
Gentlemen: We would like to know more about the advantages to us of the plan by which already several hundred banks are introducing the Personal Protectograph to their depositors. Please send full particulars.

Bank. . . . . .

Address. . . . . .

Name of official . . . . . 9-25

# TODD SYSTEM OF CHECK PROTECTION



BOND REGISTER

NAME OF BOND Hamilton Mfg Co

FROM WHOM PURCHASED Payne Argyll & Co Chicago AMOUNT $ 50,000 RATE 6%

DESCRIPTION OF BONDS

| | | | |
|---|---|---|---|
| NUMBERS | 1/50 | | |
| DENOMINATION | $1000- | 1st Mortgage | |
| ISSUED BY | Hamilton Mfg Co | | DATED 1/1/24 |
| PAR VALUE | $1000 | PRICE PAID 97-80 | WHEN DUE 1/1/34 |
| RATE OF INTEREST | 6% | | INTEREST PAYABLE Jan & July |
| NET RATE TO US | 6.30 | | REDEEMABLE Jan 1-1927 |
| BOND WHERE PAYABLE | Lloyd Trust Co | Chicago | |
| INTEREST WHERE PAYABLE | " | " | |
| TRUSTEE | " | " | |
| REMARKS | | | |

Cr P/L $220 1/1/25

| DATE 1924 | NUMBER | TO WHOM SOLD | PRICE | DEBIT | CREDIT | BALANCE | INTEREST STATEMENT WHEN DUE 1924 | AMOUNT | WHEN PAID |
|---|---|---|---|---|---|---|---|---|---|
| Jan 1 | | | | 488 00 | | 488 00 | July 1 | 15 00 | July 1 |
| " 1925 | 1/10 | J B Williams Inc | 100 | | 97 80 | 390 20 | Jan 1 | 15 00 | July 1 |
| | | | | | | | July 1 | 12 00 | July 1 |
| | | | | | | | Jan 1 26 | | |

# The McBEE

THE • CHOICE • OF • AMERICAN • BANKERS



*Above: General Reference Department*

*Views of filing departments of the Union Trust Co., Cleveland, Ohio, completely furnished with Library Bureau filing equipment.*

*Above: Stock Transfer Department*

*Left: Estates Trust Department*

# Centralized files . . . *that save valuable bank space and file-operating expense*

FILING expense is as much as 30% too high in many an otherwise efficient bank. The reason is simple—lack of centralized files.

The remedy is equally simple. Call in the Bank Service Department of Library Bureau. We have planned, departmentized and centralized filing departments in banks and trust companies throughout the world.

To many of these banks centralized filing departments have brought space economies ranging upwards of 30%; and frequently reduced by 10%, 20% and even 30% the number of file clerks required.

**Six Big Divisions of L.B. Service to Banks**

1. *Bank card record systems*
2. *Bank filing systems*
3. *Equipment, wood and steel*
4. *Cards and filing supplies*
5. *Specially-trained bank salesmen*
6. *Special bank services*

Analysis, Indexing, Statistical, Calculating

If you put your filing problems in our hands, we will gladly assume full responsibility for bringing about efficient and economical operation ot your filing requirements. We usually revolutionize results but we seldom revolutionize equipment or personnel. *And all without disturbing your regular office routine in the least.*

A request to the nearest of our 54 branch offices will bring a thoroughly trained and widely experienced L. B. bank representative to discuss your specific problems without any obligation on your part. Consult your phone book.

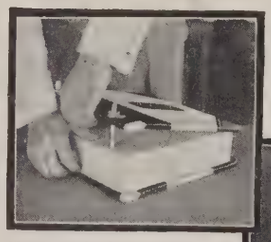
Home Office: *230 Albany St., Cambridge, Mass.* Salesrooms: *54 principal cities of the United States, France and England.* Factories: *Cambridge, New York, Chicago, Ilion, N. Y., New Orleans, and London, Eng.*

# Library Bureau

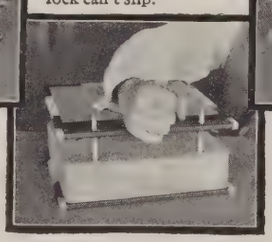
Founded 1876

FILING SYSTEMS FOR EVERY BANK NEED

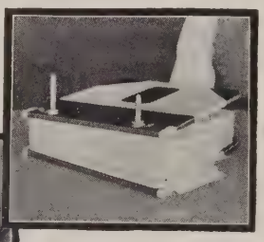
# *The new* 9-8-3 *works without a key*



You can't budge it when it's locked. You can't pry the cover up, even a hairbreadth. Its ball-bearing locking cones can't let go, until you release their grip with the thumb levers.



Here the top cover is placed upside down on the posts, reversing the lock action. You can hammer as hard as you please, on this locking bar, with no effect, whatever. This lock can't slip.



No need to get the top cover level for locking. Even when stuffed on one side with posting media, No. 983 will lock snug and tight on its contents. The covers of a key-locked binder have to be practically level to stay locked.

No fussing with keys, wing-nuts, or other devices.

983 has proved itself trustworthy and practical, for pen and machine bookkeeping.

You can see for yourself how well it is made; how it will save time and money in your office. We'll lay one on your desk for your personal inspection—no obligation, of course. Just send the coupon.

Over 30 years ago, Baker-Vawter patented and sold *the first loose-leaf binder.* Today, we make a lot of them for every record use; every binder designed to fit its job. And Baker-Vawter materials and workmanship ensure real economy. Some of our earliest are still in use.

Ask to see the Baker-Vawter man. He can be of real help to you. Our products are sold direct; not through stores.

## BAKER-VAWTER COMPANY

***Loose Leaf Binders · Printed Record Forms and Systems***
***Filing Cabinets · Unit Files · Storage Units***

We serve and sell direct · Offices in 55 cities · One is near you

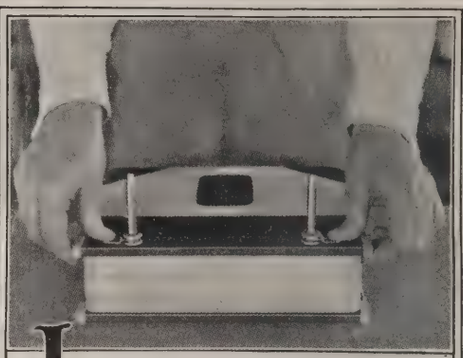
ATTACH TO YOUR LETTERHEAD AND MAIL

Baker-Vawter Co.,
Benton Harbor, Mich.

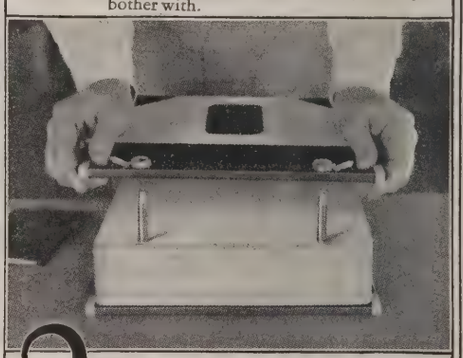
☐ I would like to examine your "No. 983 Binder." I understand this places me under no obligation whatsoever.

☐ Please send folder, "A Demonstration of Binder No. 9-8-3."

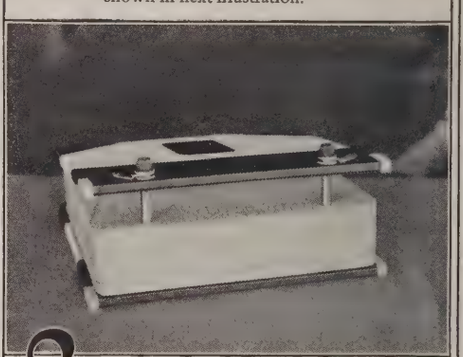
CH-9 Mr._____



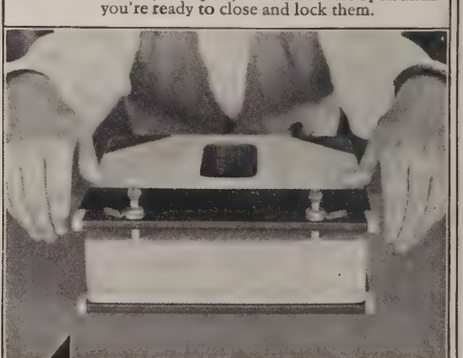
**1** Pressure on the two handy thumb-levers instantly releases the ball-bearing locking cones—one on each post. Just that quick, you can raise (or remove) the cover for the insertion or removal of leaves. Easy; fast; no key to bother with.



**2** Many concerns use these pointed posts regularly *for machine bookkeeping,* where the cover has to be easily removed for posting. Otherwise the posts are fitted with rubber ball caps, shown in next illustration.



**3** You don't need to *remove* the cover to insert or withdraw a leaf. But you do want the covers to *stay* open while you're doing it.
These covers *do!* Two little spring-ball latches, *in the posts,* hold the covers open until you're ready to close and lock them.



**4** Then, to lock the binder, give the top cover a little shove. It will slide down the posts, find its own level on the leaves, and lock, *automatically;* tighter and more positively than any binder you've ever seen. Again—no key to bother with. It locks itself.

UNIVERSITY OF ILLINOIS-URBANA
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